21. Directors' Remuneration Report

The Remuneration Committee's work also included monitoring and considering the level and structure of remuneration for the Management Committee. Ultimate decision-making responsibility for the remuneration of the Management Committee lies with the Chief Executive Officer. This approach still gives the Remuneration Committee necessary visibility of senior management remuneration to enable it to formulate appropriate policy and make decisions regarding Executive Director remuneration, but allows the Chief Executive Officer, who is best placed to make remuneration decisions about the management team, the flexibility to do so. The Remuneration Committee believes this practice is beneficial to the Company and supports the Code principle D.2.

The Remuneration Committee carried out a review of its terms of reference during the period, which did not result in any changes.

In addition to the activities of the Remuneration Committee, the Executive Directors and the Chairman reviewed the remuneration arrangements of the Non-Executive Directors.

Remuneration Policy Report

Introduction

This part of the Directors' Remuneration Report sets out the Company's policy for the remuneration of its Directors.

Shareholders will be asked to approve the new Directors' Remuneration Policy at the AGM on 3 May 2017 and it will, if approved, apply to payments made from this date. Until that time the 2014 Policy will continue to apply. The new 2017 Policy is intended to apply for a period of three years from the AGM.

A copy of the 2014 Policy can be found in the Company's 2015 annual report on www.ocadogroup.com.

Proposed Policy for Director Remuneration

During the period, the Remuneration Committee carried out a thorough review of the current remuneration policy for Executive Directors. The Remuneration Committee concluded that there were few parts of the existing remuneration policy that required change and it adhered to the remuneration principles (outlined below) and that it remained relevant and appropriate in incentivising management to achieve the Group's strategic objectives. However, in order to bring the Directors' remuneration policy further in line with governance best practice and with the expectations of shareholders and representative investor bodies, two main changes are proposed. The proposed changes are set out in the table below, together with an explanation for such proposed changes.

Element of remuneration/policy	Proposed 2017 Policy	2014 Policy
LTIP holding period	Introduction of an additional holding period of two years (or longer if the Remuneration Committee determines) from the third anniversary of the date of grant. This change helps increase alignment between the interests of executives and long-term shareholders and further balance the shorter-term focus of the annual bonus.	No additional holding period after completion of three-year performance period.
Shareholding requirement	Introduction of an increased level of expected shareholding to 200% of base salary for all Executive Directors. Change to allow the minimum shareholding to be met over five years from the date of Director appointment.	Minimum holding of 150% of base salary for the Chief Executive Officer and 100% for other Executive Directors. The holding can be built up over three years from appointment.

Taken together, the Remuneration Committee believe that these changes help to increase alignment between the Group's management and its shareholders. The 2017 Policy continues to support the long-term success of the business and ensure that the Group's management are driving sustainable shareholder value in the long-term.

No changes are proposed for the remuneration policy for the Chairman and the Non-Executive Directors.

Remuneration Principles for Senior Executives

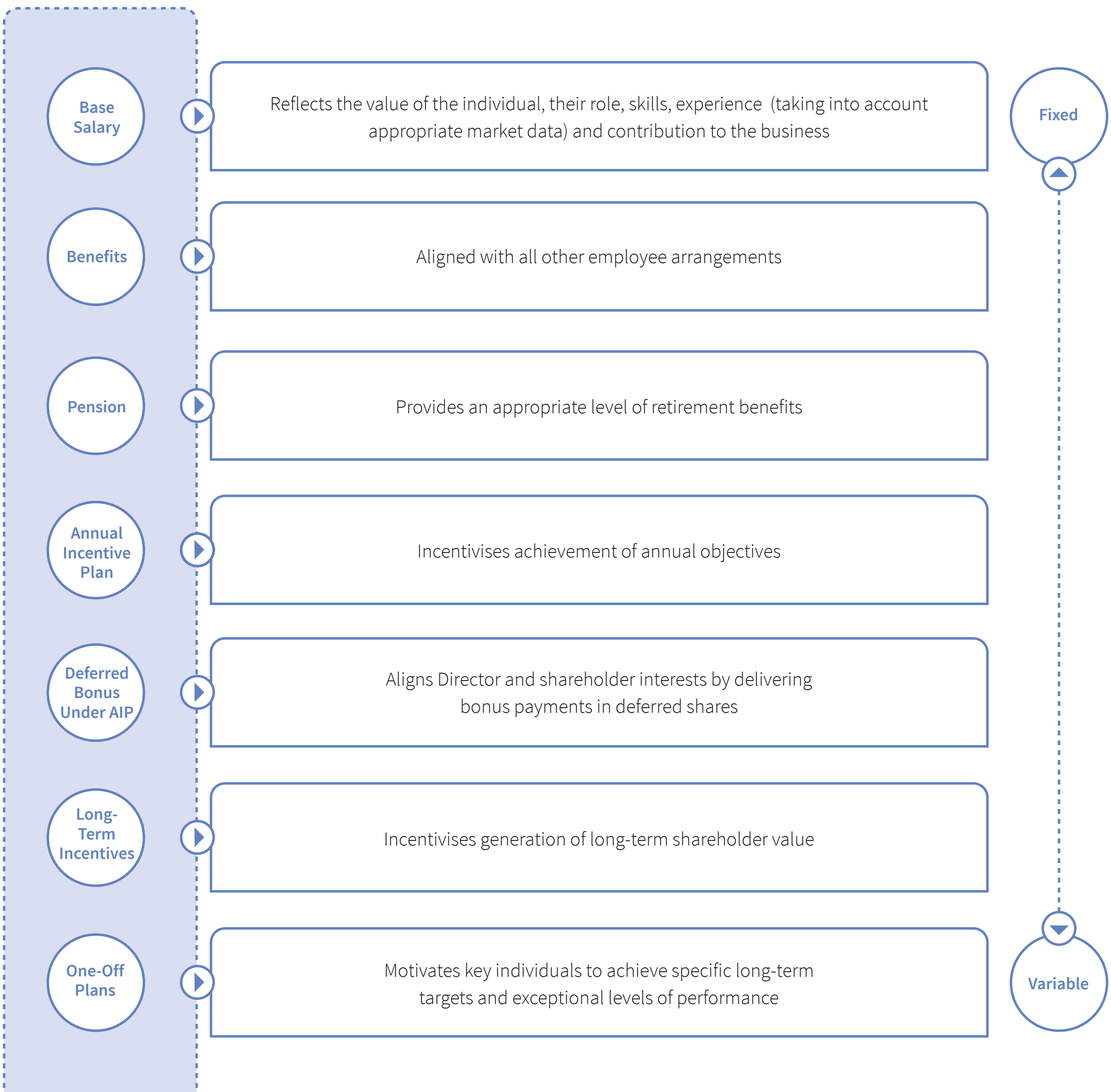
The Directors' Remuneration Policy is underpinned by the following remuneration principles:

- Support long-term success of the business and sustainable long-term shareholder value.
- Be aligned to the business strategy and achievement of planned business goals.
- Be compatible with the Group's risk policies and systems.
- Link maximum payout to outstanding results.
- Ensure that performance-related pay constitutes a significant proportion of the overall package.
- Provide a balance between attracting, retaining and motivating the right calibre of candidates, and taking into account the entrepreneurial culture of the business.
- Encourage a high performance culture.

Link with Strategy

The key objective to be achieved through the Directors' Remuneration Policy is to support the Group's main strategic objectives of expansion and high growth. The AIP, the LTIP and the GIP contain specific performance measures designed to support the objectives of accelerating retail business performance in the short and medium-term (for example, EBITDA[A] and Gross Sales (Retail)[A] targets) and the objectives of creating long-term success and sustainable long-term shareholder value (for example, key strategic targets concerning the efficiency of the nascent platform business).

The Directors' Remuneration Policy, outlined on the following pages, provides the detailed structure of each element of remuneration and how each element is determined. The remuneration package of the Executive Directors is made up of elements of fixed and variable remuneration. The Remuneration Committee is mindful of the weighting of fixed and variable pay and balance of short- and long-term awards, and sought to position a larger proportion of the remuneration package as equity-based and performance related in order to support the Company's strategic objectives of high growth and expansion and to create shareholder alignment. The balance of the remuneration of the Executive Directors is set out at "Illustration of Directors' Remuneration Policy" on pages 95 and 96. The holding period in the LTIP, the share deferral provision in the AIP, the minimum shareholding requirements and the GIP's five-year performance period all help ensure a longer-term focus for the business from the Executive Directors.



A See Alternative Performance Measures on page 194

21. Directors' Remuneration Report

Remuneration Committee Discretion and Judgement

In formulating the Directors' Remuneration Policy, the Remuneration Committee has sought to allow it sufficient operational flexibility over Director remuneration for the next three years. While the policy provides the boundaries for remuneration arrangements, the policy is intended to provide some isolated discretion for the Remuneration Committee to use in various circumstances relating to particular components of remuneration. The Directors' Remuneration Policy does not provide for the exercise of discretion over any aspect of the policy. The Remuneration Committee may not use any discretion outside the policy without separate shareholder approval.

The Remuneration Committee operates the share schemes according to their respective rules and in accordance with the Listing Rules and other rules and regulations, where relevant. The Remuneration Committee retains discretion, in a number of regards to the operation and administration of these plans. The discretions include, but are not limited to, those set out in the table below.

Area of Discretion	AIP	LTIP	JSOS	GIP
The participants	Y	Y	Y	Y
The timing of grant of an award or payment	Y	Y	Y	Y
The size of an award (up to a predetermined maximum)	Y	Y	Y	Y
The determination of vesting, holding periods or payment	Y	Y	N	Y
Discretion required when dealing with a change of control or restructuring of the Group	Y	Y	Y	Y
Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen	Y	Y	Y	Y
Adjustments required in certain circumstances (for example, rights issues, corporate restructuring events and dividends)	Y	Y	Y	Y
Adjust or change the performance conditions if anything happens which causes the Remuneration Committee reasonably to consider it appropriate (for example, Board approved strategic initiative or transaction) provided that any changed performance condition will be equally difficult to satisfy as the original condition would have been had such circumstances not arisen	Y	Y	N	Y
The annual review of performance measures and weighting, and targets from year to year	Y	Y	Y	N
Adjustment to level of payments or formulaic scheme outcomes both upwards and downwards including to ensure the scheme outcomes reflect individual or Company performance over the performance period, or to take account of unforeseen circumstances outside the Company's control[1]	Y	Y	N	N
Application of malus and clawback	Y	Y	N	Y

1. Under the 2014 Policy the Remuneration Committee did not have explicit discretion to make payment adjustments under the LTIP in such circumstances. Allowing the Remuneration Committee such discretion will help it ensure that the payments under the LTIP reflect actual Group performance if this is different from the formulaic outcomes from LTIP performance measures.

The use of discretion in relation to the Company's ESOS, Sharesave and Share Incentive Plan will be as permitted under HMRC rules and the other relevant rules and regulations.

Any use of the above discretions would, where relevant, be explained in the Directors' Remuneration Report and may, as appropriate, be the subject of consultation with the Company's major shareholders.

The Remuneration Committee may also apply judgement or a qualitative assessment, for example in assessing achievement against role specific objectives under the AIP.

Development of Directors' Remuneration Policy

Shareholder Context

The Remuneration Committee did not formally consult shareholders on the Directors' Remuneration Policy on the basis that the minor changes to the policy were to the benefit of shareholders (such as introducing a LTIP holding period) and there were no changes to the overall structure or elements of remuneration for the Directors. Shareholders were notified of, and given the opportunity to discuss, the changes to the policy with the Chairman of the Remuneration Committee. The Remuneration Committee has previously consulted shareholders on various incentive arrangements and the current policies and had used these consultations to inform its view that there is good alignment between the Directors' Remuneration Policy and shareholder interests.

Employee Context

The Remuneration Committee receives an annual report from management on Group-wide remuneration. This review covers changes to pay, benefits, pension and share schemes for all employees in the Group, including the percentage increases in base pay for monthly and hourly paid employees. The Remuneration Committee's work includes monitoring and commenting on the level and structure of remuneration for the Management Committee in relation to various changes to base pay and incentive plans. This provides some of the context for the Remuneration Committee's decisions concerning changes to base pay and other elements of remuneration for the Executive Directors.

However, the Remuneration Committee did not consult with employees when drawing up the Directors' Remuneration Policy, nor take into account any remuneration comparison measurements.

The Directors' Remuneration Policy is designed in line with the remuneration principles outlined on page 80, which reflect the remuneration principles for the Group. A key remuneration principle for the Group is that share awards be used to recognise and reward good performance and attract and retain employees. This is reflected by the issue of awards of free shares and options to all employees under the SIP and the ESOS schemes, which allows all employees an opportunity to share in the Group's success via share ownership.

The remuneration arrangements for employees below Board level reflect the seniority of the role. The components and levels of remuneration for different employees differ from the remuneration framework for the Executive Directors. The Group operates some tailored bonus and long-term incentive arrangements for certain groups of employees, but has not adopted a universal approach to these elements of remuneration for all employees.

Remuneration Policy Table: Elements of Director Remuneration The following table sets out the key elements of remuneration for the Executive Directors, their purposes and links to strategy, the maximum opportunity and any performance conditions. In addition, where relevant, the changes proposed to the policy for each element of remuneration and the rationale behind these changes.

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Fixed pay				
Base pay To attract and retain the right calibre of senior executive required to support the long-term interests of the business.	Paid monthly in cash. Reviewed annually by the Remuneration Committee, with any changes normally becoming effective in April each year (or may be reviewed ad hoc where there is a significant change of responsibilities). The review takes into account a number of factors including: the Group's annual review process, business performance, total remuneration, appropriate market data for comparable roles for companies of equivalent size and complexity in similar sectors and geographical locations to the Company, and an individual's contribution to the Group.	Not performance linked.	To avoid setting the expectations of Executive Directors and other employees, no maximum salary is set under the policy. Normally, maximum salary increases for Executive Directors will be within the normal percentage range and guidelines that are applied to the UK-based monthly paid employees of the Company in that year. Where appropriate and necessary, larger increases may be awarded in exceptional circumstances; for example, if a role has increased significantly in scope or complexity. Larger increases may also be considered appropriate and necessary to bring a recently appointed executive in line with the market and the other executives in the Company where their salary at appointment has been positioned below the market.	No contractual provisions for clawback or malus.
Change from 2014 Policy and rationale No substantive changes from the 2014 Policy.				

21. Directors' Remuneration Report

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Benefits To attract and retain the right calibre of senior executive required to support the long-term interests of the business.	The Company provides a range of benefits which are aligned with those provided to monthly paid employees under the Company's flexible benefits policy. These may include: private medical insurance and health assessments, life assurance, travel insurance, income protection, travel allowance, free parking, access to financial and legal advice, staff product discount, subsidised staff restaurants and other discounts. Any business travel costs will be paid by the Company. Additional benefits or payments in lieu of benefits may also be provided in certain circumstances, if required for business needs. Any benefits allowances will be paid in cash monthly and will not form part of pensionable salary. The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	Not performance linked.	Benefits for Executive Directors are set at a level which the Remuneration Committee considers to be appropriate against market data for comparable roles for companies of equivalent size and complexity in similar sectors and geographical locations to the Company. The maximum value of the Directors' and Officers' Liability Insurance and the Company's indemnity is the cost at the relevant time.	No contractual provisions for clawback or malus.
Change from 2014 Policy and rationale Some minor changes from the 2014 Policy to reflect the Company's current flexible benefits policy.				
Pension To attract and retain the right calibre of senior executive required to support the long-term interests of the business.	Contributions, allowances and pension choices for the Executive Directors are on the same terms as for other employees. Executive Directors can choose to participate in the defined contribution Group personal pension scheme or an occupational money purchase scheme. Where lifetime or annual pension allowances have been met, the balance of employer contributions may be paid as a cash allowance or into a personal pension arrangement. These amounts will not be treated as salary for the purposes of incentive awards. The Group's contributions under the defined contribution scheme are set as a percentage of salary based on length of scheme membership. Contributions under the occupational money purchase scheme are aligned with the legislative minimum.	Not performance linked.	Contributions to the defined contribution pension scheme for the Executive Directors will normally be in line with the other scheme participants; however, the Remuneration Committee may exceed this standard maximum in order to be market competitive and attract and retain the right calibre of senior executive talent needed to support the long-term interests of the business. Pension contributions for UK based Executive Directors will not exceed 30% of annual base salary. For Executive Directors outside the UK, provision for an executive pension will be set taking into account local market rates.	No contractual provisions for clawback or malus.
Change from 2014 Policy and rationale No substantive changes from the 2014 Policy.				

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Variable Pay: Short-Term Incentives				
Annual Incentive Plan ("AIP") To provide a direct link between measurable and predictable annual Company and/or role specific performance and reward. To incentivise the achievement of outstanding results aligned to the business strategy.	Measures and targets are set annually and bonus payments are determined by the Remuneration Committee following the year end based on performance against the targets. Bonus payments, if made, are payable in cash after the results of the Group have been audited. To the extent that an Executive Director does not meet the minimum shareholding requirement, up to 50% of any bonus payment will be deferred into shares, vesting after a period of three years.	The Remuneration Committee sets annual targets that are closely aligned to the delivery of the Group's strategic objectives for that year. These will be a mix of financial targets and individual objectives with the majority being financial. For threshold performance no more than 25% of the maximum opportunity will be earned. For stretch performance, the maximum opportunity will be earned. The performance conditions for the relevant financial year are described in the Annual Report on Remuneration.	The maximum bonus is 200% of base salary. The maximum bonus payable for the relevant financial year is described in the Annual Report on Remuneration.	Clawback may apply for three years (or longer if the Remuneration Committee determines) from date of payment of a bonus or grant of a deferred award, in certain exceptional circumstances. See page 93 for further details.
Change from 2014 Policy and rationale A minor change from the 2014 Policy to recognise that the payout range between the threshold and the maximum opportunity may not necessarily be calculated on a straight-line basis. The 2014 Policy provided that a straight-line sliding scale applied between the threshold and the maximum.				

21. Directors' Remuneration Report

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Variable Pay: Long-Term Incentives				
Long Term Incentive Plan ("LTIP") To attract, retain and incentivise senior executives over the longer-term. To align the interests of the senior executives and the shareholders.	An award over a fixed number of shares is granted annually. Awards made in the form of nil-cost options or conditional share awards will ordinarily vest three years from award, subject to continued service and the achievement of performance conditions and other conditions. Dividend equivalents may be paid in cash or additional shares on LTIP awards that vest. Awards made after 3 May 2017 are subject to an additional holding period of two years (or longer if the Remuneration Committee determines) from the third anniversary of the date of grant. LTIP awards are only acquired by an Executive Director once the total period of five years from the date of grant has elapsed. The holding period usually applies regardless of whether or not the Executive Director remains an employee of the Group.	The Remuneration Committee sets targets that are closely aligned to the delivery of the Group's strategic objectives for the performance period. These will be a mix of financial targets and individual objectives with the majority being financial. For threshold performance, no more than 25% of the maximum opportunity will vest. For stretch performance, the maximum opportunity will vest. The measurement period for performance conditions will ordinarily comprise at least three financial years of the Company. The performance conditions for the relevant award are described in the Annual Report on Remuneration.	The Remuneration Committee may grant awards, with a maximum total market value of 150% of annual base salary of a participant. In the case of the Chief Executive Officer, the maximum total market value of an award is 200% of annual base salary. In exceptional circumstances, the Remuneration Committee may grant awards with a maximum total market value of 300% of annual base salary of a participant or, in the case of the Chief Executive Officer, 400% of annual base salary.	Clawback and malus provisions may be applied to LTIP awards in certain exceptional circumstances. The clawback period will be two years (or longer, if the Remuneration Committee determines) from the end of the holding period or the date the awards are acquired. See page 93 for further details.

Change from 2014 Policy and rationale

A change from the 2014 Policy to introduce a holding period of two years from the third anniversary of the date of grant. This change helps increase alignment between the interests of the Executive Directors and shareholders and further balance the shorter-term focus of the annual bonus. Under the 2014 Policy there was no holding period after completion of the three-year performance period.

A minor change from the 2014 Policy to recognise that the payout range between the threshold and the maximum opportunity may not necessarily be calculated on a straight-line basis. The 2014 Policy provided that a straight-line sliding scale applied between the threshold and the maximum.

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Variable Pay: One-off Long-Term Incentives				
Growth Incentive Plan ("GIP") To attract, retain and incentivise senior executives. To align the interests of senior executives and shareholders, by incentivising senior executives to deliver exceptional levels of growth and return to the shareholder over the long-term.	A one-off award of options over shares in the Company with a nil exercise price. The Chief Executive Officer, the Chief Financial Officer and the Chief Operations Officer received an award. New Executive Directors and other senior employees may be invited to participate at a level dependent on the point during the performance period at which they were appointed. The Executive Directors must hold a level of shares throughout the performance period. For the Chief Executive Officer, this shareholding must be at least one times salary and for other Executive Directors, this shareholding must be at least half times salary.	Awards are subject to a single performance condition to be satisfied over the five years from the date of grant. The share price of the Company is the sole performance measure and its growth will be assessed relative to the growth of the FTSE 100 Share Index over that period. Performance will be assessed based on the three month average share price of the Company and of the FTSE 100 Share Index at the beginning and end of the performance period. The performance target is growth in the FTSE 100 Share Index plus: • not more than 5% p.a.: 0% of the award vests. • 5% p.a.: 25% of the award vests. • 10% p.a.: 50% of the award vests. • 15% p.a.: 75% of the award vests. • 20% p.a.: 100% of the award vests.	Four million shares for the Chief Executive Officer and one million shares for each of the Chief Financial Officer and the Chief Operations Officer. Awards to new participating Executive Directors or other senior employees will not exceed the awards of existing participants.	Clawback and malus provisions may be applied to GIP awards in certain exceptional circumstances. The clawback period will be two years (or longer if the Remuneration Committee determines) from the date of vesting. See page 93 for further details.
Change from 2014 Policy and rationale No change from the 2014 Policy.				

21. Directors' Remuneration Report

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Joint Share Ownership Scheme ("JSOS") To attract, retain and incentivise senior executives. To align the interests of the senior executives and the shareholders, by driving share price growth over four years.	A one-off arrangement established prior to the Company's listing on the London Stock Exchange in 2010. The participants and Estera Trust (Jersey) Limited, the EBT Trustee, acquired separate beneficial interests in ordinary shares of the Company. The participant may lose his interest in the shares.	Interests in shares vested annually over a four-year period. The participant benefits from the increase in value of the shares interests above a predetermined market price for each tranche (the "hurdle price"). Awards under the JSOS will have no value unless the hurdle price is achieved. Interests in the Company's shares were granted in tranches, with a different hurdle price for each tranche. See page 105 for further details.	The JSOS rules contain limits which constrain the number of interests that may be issued under the JSOS. No future awards will be made to the Executive Directors under the JSOS.	Certain leaver provisions allow the Company to recover share interests in certain circumstances. See page 94 for further details.
Change from 2014 Policy and rationale No change from the 2014 Policy.				
All-Employee Share Plans				
Sharesave To provide all employees, including Executive Directors, the opportunity to voluntarily invest in Company shares and be aligned with the interests of shareholders.	All employees are eligible to participate in this all employee tax advantaged share scheme. The Company grants options over shares in the Company to employees, including the Executive Directors. To obtain an option an eligible individual must agree to save a fixed monthly amount for three or five years up to the maximum monthly amount under HMRC limits. The amount saved will determine the number of shares over which the option is granted. Options may be exercised in a six month period at the maturity of a three or five year savings period, subject to continued service.	Not performance linked.	Options are usually granted at a discount to the market price at the time of grant up to the maximum discount under HMRC limits. Employees are limited to saving a maximum amount under HMRC limits.	The scheme rules do not provide for malus or clawback provisions.
Change from 2014 Policy and rationale No change from the 2014 Policy.				

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Share Incentive Plan ("SIP") To provide all employees, including Executive Directors, the opportunity to receive and invest in Company shares and be aligned with the interests of shareholders.	All employees are eligible to participate in this all employee tax advantaged share scheme. The SIP allows: • the Company to grant free shares to all employees allocated on an equal basis; • all employees to buy partnership shares monthly from their gross salary; and • the Company may offer matching shares to employees who purchase partnership shares. Dividend shares are also covered by the SIP arrangements.	Not performance linked.	Maximum opportunity for awards and purchases are kept in line with HMRC limits.	The scheme rules do not provide for malus or clawback provisions.
Change from 2014 Policy and rationale No change from the 2014 Policy.				
2014 Executive Share Option Scheme ("2014 ESOS") To provide all employees, including Executive Directors, the opportunity to receive Company share options and be aligned with the interests of shareholders.	All employees are eligible to participate in this all employee tax advantaged share scheme and the unapproved part of the scheme. The Company grants options over shares in the Company to employees. Options over shares vest on the third anniversary of grant, subject to continued service and satisfaction of any performance conditions. If vested, the options may be exercised at any time between the third and tenth anniversaries of grant at the executive's discretion.	If awards are made to the Executive Directors, the Remuneration Committee may set targets. The Remuneration Committee sets targets that are closely aligned to the delivery of the Group's strategic objectives for the performance period. These may be a mix of strategic and financial targets with the majority being financial. For threshold performance no more than 25% of the maximum opportunity would be earned. For stretch performance, the maximum opportunity will vest. The measurement period for performance conditions will ordinarily comprise at least three financial years of the Company.	There are currently no plans to make awards to the existing Executive Directors under this scheme. Maximum opportunity for awards will be in line with HMRC limits for the tax advantaged part of the scheme. Maximum opportunity for awards under the unapproved part of the scheme is 300% of annual base salary, except in exceptional circumstances.	The scheme rules do not provide for malus or clawback provisions.
Change from 2014 Policy and rationale No change from the 2014 Policy.				

21. Directors' Remuneration Report

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Executive Share Option Scheme ("ESOS") To provide all employees, including Executive Directors, the opportunity to receive Company share options and be aligned with the interests of shareholders.	Options issued prior to May 2014 were issued under the ESOS. Employees and two Executive Directors retain options under the ESOS. From May 2014 new option awards are made under the 2014 ESOS. The terms of the ESOS largely mirror those of the 2014 ESOS.	See 2014 ESOS.	There are currently no plans to make awards to any employees or the Executive Directors under this scheme. See 2014 ESOS.	See 2014 ESOS.
Change from 2014 Policy and rationale No change from the 2014 Policy.				

The following table sets out the key elements of remuneration for the Non-Executive Directors.

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Chairman Fee To attract and retain an individual with the appropriate degree of expertise and experience	The fee is paid monthly in cash. Reviewed annually by the Remuneration Committee, with any changes normally becoming effective in April each year. The review takes into account a number of factors including: the Group's annual review process, business performance and appropriate market data for comparable roles for companies of equivalent size and complexity in similar sectors and geographical locations to the Company.	Not performance linked.	The maximum aggregate amount of basic fees payable to all Directors shall not exceed the £1 million limit set in the Company's Articles of Association. Normally, any increases will be within the normal percentage range and guidelines that are applied to the UK-based monthly paid employees of the Company in that year.	No contractual provisions for clawback or malus.
Non-Executive Director Fee To attract and retain expert people with the appropriate degree of expertise and experience	The fee is paid monthly in cash. Fee structure includes an annual base fee for a Non-Executive Director and may include additional fees for being the Senior Independent Director or a Board committee chair. Reviewed annually by the Executive Directors and the Chairman, with any changes normally becoming effective in April each year. The review takes into account a number of factors including: the Group's annual review process, business performance and appropriate market data for comparable roles for companies of equivalent size and complexity in similar sectors and geographical locations to the Company.	Not performance linked.	The maximum aggregate amount of basic fees payable to all Directors shall not exceed the £1 million limit set in the Company's Articles of Association. Normally, any increases will be within the normal percentage range and guidelines that are applied to the UK-based monthly paid employees of the Company in that year.	No contractual provisions for clawback or malus.

Purpose and Link to Strategy	How it Operates	Performance Conditions	Maximum Opportunity	Recovery or Withholding
Travel and expenses To support the Directors in the fulfilment of their duties.	The Company may reimburse expenses and travel costs reasonably incurred by the Chairman and the Non-Executive Directors in fulfilment of the Company's business, together with any taxes thereon.	Not performance linked.	The maximum reimbursement is expenses reasonably incurred, together with any taxes thereon.	No contractual provisions for clawback or malus.
Other arrangements	The Chairman and the Non-Executive Directors are not usually eligible for annual bonus, share incentive schemes, pensions or other benefits with the exception of the staff product discount and free delivery offered to all employees. The Company provides the Chairman and the Non-Executive Directors with Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	Not applicable.	The maximum staff product discount is that offered to any Group employees. The maximum value of the Directors' and Officers' Liability Insurance and the Company's indemnity is the cost at the relevant time.	Not applicable.

Change from 2014 Policy and rationale

No changes are proposed for the policy for the Chairman and the Non-Executive Directors, except that the Chairman's Share Matching Award (provided for under the 2014 Policy) that vested on 10 May 2016, will not carry forward under the 2017 Policy, since it was a one-off award made on Lord Rose's appointment as Chairman to the Board in 2013.

Notes to the Policy Tables:

1. No other items in the nature of remuneration are provided by the Company to its Non-Executive Directors, save for the amounts paid to Robert Gorrie as described on page 53.
2. Other than as described in the policy table, there are no components of the Executive Directors' remuneration that are not subject to performance measures. In the case of the Sharesave and SIP, these tax advantaged all-employee schemes are subject to rules constrained by legislation and so awards are made on the same terms (not comprising performance conditions) to all employees including Executive Directors. Prior to the Company's listing in 2010, some option awards were made to the Executive Directors under the ESOS without performance conditions. Options were awarded under the ESOS to Duncan Tatton-Brown on his appointment to the Board. Although awards will not usually be made to existing Executive Directors, the rules of the ESOS and 2014 ESOS allow the Remuneration Committee to impose performance conditions on any awards made to a Director under each plan. Performance targets apply to the AIP, LTIP and GIP.
   a. AIP – the Remuneration Committee adjusts the design (including measures and weightings) of the AIP each year to incentivise the delivery of key business objectives and individual performance for that financial year. Management proposes suitable metrics and levels of performance to form the threshold and stretch levels of performance. Any individual objectives applicable for the AIP are linked to the Executive Director's role and/or his business area(s) and are in line with the Group's strategy. The measurable objectives are agreed between the Executive Director and the Chief Executive Officer (or in the case of the Chief Executive Officer, between him and the Chairman). The Remuneration Committee reviews the proposed targets to assess whether they are appropriately aligned with the strategy and shareholders' interests and whether the reward that would accrue to the Executive Director is appropriate in the circumstances. Usually, full vesting will only occur where exceptional performance levels have been achieved and significant shareholder value created. Details of the AIP performance measures are outlined in the Annual Report on Remuneration.
   b. LTIP – the Remuneration Committee reviews the design of the LTIP each year to ensure that the performance conditions remain relevant to the Company's key strategic objectives over the performance period. The Remuneration Committee reviews the performance measures in light of the long-term strategic plan and agrees the threshold and stretch conditions that must be achieved. Full vesting will only occur where exceptional performance levels have been achieved and significant shareholder value created. Details of the LTIP performance measures are outlined in the Annual report on remuneration.
   c. GIP – the GIP performance measure was designed to incentivise outstanding growth in value of the Group over the five-year performance period. The performance measure requires the growth in the Company share price to be significantly more than the growth of the FTSE 100 Share Index over that period. This helps to ensure alignment with shareholders, as full vesting will only occur where outstanding shareholder value is created.
3. The Directors' Remuneration Policy contains formal components for short and long-term incentives with performance conditions attached. While the Group has a policy of remunerating its employees through share scheme participation, it does not have formal remuneration arrangements for all employees akin to all of the components of Directors' remuneration. In the case of the Management Committee, they participate in an annual bonus plan and the long-term incentive schemes, including the LTIP and the JSOS, with award levels set at lower percentages of salary than those of the Directors. The performance conditions and most other terms of these schemes are the same as for the Executive Directors. The bonus plan for senior management does not include provision for share deferral of a payment. The LTIP awards from 2017 for senior management do not include holding periods. In the case of some small groups of senior employees, the Group operates some tailored bonus and long-term incentive arrangements (such as the JSOS, cash-based long-term incentive scheme and management incentive plan). Aside from these targeted arrangements (and the SIP, the ESOS and the Sharesave), the variable remuneration of employees is not closely aligned with that of Directors.

21. Directors' Remuneration Report

Director Minimum Shareholding Expectation

It is the policy of the Company that the Directors are expected to build up over a period of time, and hold, a minimum level of shareholding in the Company. This is considered an effective way to align the interests of the Executive Directors and the shareholders in the long-term. These shareholding expectations are outlined in the table below.

Director	Shareholding Expectation
Executive Directors	Executive Directors are expected to hold shares equivalent to 200% of base salary. This holding can be built up over five years from appointment. Share awards may count if vesting is not subject to any further performance conditions or other conditions such as continued employment. The net value of share interests and share awards which are vested, but remain subject to a holding period and/or clawback, may count towards the shareholding requirement. Until the minimum shareholding is met, an Executive Director must defer up to 50% of any cash bonus payable under the AIP as an award of shares.
Chairman	The Chairman is expected to hold shares equivalent to one year's annual fee. This holding can be built up over three years from appointment.
Non-Executive Directors	Non-Executive Directors are expected to hold shares equivalent to one year's annual fee. This holding can be built up over three years from appointment.
Change from 2014 Policy and rationale	
A change from the 2014 Policy to introduce a higher level of minimum shareholding to 200% of annual base salary for Executive Directors. Under the 2014 Policy the minimum shareholding was 150% of annual base salary for the Chief Executive Officer and 100% for other Executive Directors. Executive Directors have five years from appointment to meet the minimum shareholding expectation (compared with three years under the 2014 Policy).	

Should the minimum shareholding expectation be met but the market value of the Company's shares subsequently fall below the required level, compliance with this expectation will be based on the higher of the original share purchase price (or the price at vesting in the case of share awards) or current market price.

Approach to Remuneration of Directors on Recruitment

Recruitment of Executive Directors

When determining the remuneration of a newly appointed Executive Director, the Remuneration Committee will apply a number of principles.

The Remuneration Committee will seek to align the remuneration package of a newly appointed Executive Director with the Directors' Remuneration Policy outlined above. However, the Remuneration Committee retains the discretion to include any other remuneration component or award in the remuneration package which it considers to be appropriate.

In determining the remuneration arrangements for a new Executive Director, the Remuneration Committee will take into account all relevant factors including (but not limited to) the specific circumstances, the calibre of the individual, the market practice for the candidate's location, the nature of the role they are being recruited to fulfil and any relevant market factors, including any competing offers the candidate may be considering. The Remuneration Committee is at all times conscious of the need to pay no more than is necessary. The Remuneration Committee's considerations would be subject to the overall limit on variable remuneration outlined below.

Where promotion to an Executive Director role is from within the Company, any performance-related pay element arising from their previous role will continue on its original terms, provided such element (if not otherwise within the terms of this policy) was not made in contemplation of such person becoming an Executive Director.

To facilitate recruitment, the Remuneration Committee may, to the extent permitted by relevant plan rules or Listing Rules, make a one-off award to "buy out" incentives or any other compensation arrangements forfeited by the appointee on leaving a previous employer. In doing so the Remuneration Committee will ensure that any such awards offered should be on a comparable basis, taking into account all relevant factors including any performance conditions, the likelihood of those conditions being met, the proportion of the vesting or performance period remaining and the form of the award. In determining whether it is appropriate to use such judgement, the Remuneration Committee will ensure that any awards made are in the best interests of both the Company and its shareholders.

In addition, one-off payments in respect of relocation or ongoing relocation allowances may be made to a newly appointed Executive Director. However, these payments must reflect actual financial loss or cost of moving the Executive Director, their family or assets, and the market practice in the geographical location to which the Executive Director is moving to or from. The Company may provide relocation costs by funding services or a cash payment or a combination of both.

The maximum level of variable pay which may be awarded upon recruitment (excluding any "buy out" awards or costs and allowances on relocation and awards made to appointees under the GIP) is 600% of base salary. Any GIP awards will be subject to the award limits set out in the remuneration policy table.

Recruitment of Non-Executive Directors

The remuneration package for newly appointed Non-Executive Directors will be in line with the structure set out in the remuneration policy table for Non-Executive Directors.

Loss of Service or Termination Policy

Service Contracts for Executive Directors

Each of the Executive Directors is employed pursuant to a service contract with Ocado Central Services Limited.

The Directors' Remuneration Policy provides that an Executive Director's employment may be terminated by the Company giving to the Executive Director not less than 12 months' notice or by the Executive Director giving to the Company not less than six months' notice.

The Directors' Remuneration Policy provides that if an Executive Director's service contract is terminated without cause, Ocado Central Services Limited can request that the Executive Director work their notice period, take a period of garden leave or pay an amount in lieu of notice equal to one times their basic salary, benefits and pension for the remainder of their notice period. While the service contracts do not specify this, the Company's remuneration principles provide that any payments should be reduced in certain circumstances where the Executive Director's loss has been mitigated, for example, where he moves to other employment.

The service contracts do not contain any specific provisions relating to a change of control of the business.

If employment is terminated by the Company, the Remuneration Committee retains a discretion to settle any other amounts reasonably payable to the Executive Director including legal fees incurred by the Executive Director in connection with the termination of employment and obtaining independent legal advice on a settlement or compromise agreement, and the relocation costs for returning the departing Executive Director and his family to their original country of origin. The Company may provide relocation costs by funding services, or cash payment or a combination of both.

Other than described above, there are no relevant contractual provisions that are, or are proposed to be, contained in any Executive Director service contract that could give rise to remuneration payments or payments for loss of office, but which are not disclosed elsewhere in the Directors' Remuneration Policy.

Letters of Appointment for Non-Executive Directors

Each of the Non-Executive Directors has a letter of appointment with the Company. The Directors' Remuneration Policy provides that a Non-Executive Director's appointment may be terminated by either party giving to the other not less than one month's notice, or in the case of the Chairman, not less than six months' notice.

Other than described above, there are no relevant contractual provisions that are, or are proposed to be, contained in any Non-Executive Director's letter of appointment that could give rise to remuneration payments or payments for loss of office, but which are not disclosed elsewhere in the Directors' Remuneration Policy.

Payments on Cessation of Employment for Executive Directors

The Executive Director service contracts do not oblige the Company to pay a bonus if the Executive Director is under notice of termination. But under the rules of the AIP, the Executive Director may receive a proportion of the bonus or deferred award that the Remuneration Committee determines would otherwise have been payable or granted to him under the rules for the financial year.

The treatment of outstanding share awards is governed by the relevant scheme rules, all of which have been approved by shareholders. The table on page 96 provides a summary of these leaver provisions. The Remuneration Committee generally has discretion to determine the treatment of a leaver, but will be conscious of the remuneration principle that it should not reward poor performance or behaviour.

Payments on Cessation of Service for Non-Executive Directors

A Non-Executive Director is not entitled to any other payment on cessation of service with the Company.

Malus and Clawback Provisions

The AIP, LTIP and GIP scheme rules contain malus and/or clawback provisions that allow the Remuneration Committee to reduce or retrieve a payment or an award. The Remuneration Committee will do so when there are exceptional circumstances. Such exceptional circumstances include (without limitation) a material mis-statement in the published results of the Group, an error in assessing any applicable performance condition, misconduct on the part of the Executive Director concerned and where, as a result of an appropriate review of accountability, the Remuneration Committee determines that the Executive Director has caused wholly or in part a material loss for the Group as a result of (i) reckless, negligent or wilful actions or (ii) inappropriate values or behaviour.

21. Directors' Remuneration Report

Share Scheme Leaver Provisions

The incentive schemes contain leaver provisions that cover arrangements for awards where a participant leaves employment with the Group, as set out in the relevant scheme rules and summarised below.

Remuneration Element	Bad Leavers	Good Leavers
LTIP	Generally, unvested LTIP awards (and vested LTIP options) will lapse on the date the participant ceases to be an employee.	If a participant ceases to be an employee of the Group for a good leaver reason (e.g. ill health, injury or permanent disability), then his LTIP awards which have not vested will vest on the vesting date (or earlier as the Remuneration Committee shall determine) but only to the extent that the performance conditions have been satisfied subject to operation of malus and clawback provisions. Unless the Remuneration Committee decides otherwise, the LTIP award will be reduced pro rata to reflect the proportion of the performance period that has elapsed to the date of cessation of employment. The LTIP awards will normally continue to be subject to the post-vesting holding period. If a participant dies, his LTIP awards will vest on the date of his death and the performance conditions will not apply but (unless the Remuneration Committee decides otherwise) the LTIP award will be reduced pro rata to reflect the proportion of the performance period that has elapsed at the date of death. The post-vesting holding period will not apply to his LTIP awards. To the extent that LTIP options vest in accordance with the above provisions, they may usually be exercised for a period of 12 months following vesting (or such longer period as the Remuneration Committee may decide) and will otherwise lapse at the end of that period. To the extent that a participant who leaves in circumstances other than dismissal for cause or who dies holding vested LTIP options, they may be exercised at any time during the usual exercise period and will otherwise lapse at the end of that period. The post-vesting holding period will continue to apply (except in the event of a participant's death) unless the Remuneration Committee decides otherwise. The Company may apply the post-vesting holding period to an LTIP award or to any part of it in one of two ways: (i) to vested awards where the underlying shares are retained by the Company for the duration of the holding period and are only transferred to participants on expiry of such period; or (ii) to vested awards where the underlying shares are transferred to the participant on vesting but which remain subject to additional restrictions (such as transfer or sale) until expiry of the holding period.
GIP	See LTIP above, as the same leaver rules apply (except with respect to holding periods which do not apply to GIP awards).	See LTIP above, as the same leaver rules apply (except with respect to holding periods which do not apply to GIP awards).
JSOS	If a participant is a "bad leaver" (i.e. he is neither a "good leaver" nor a "very bad leaver"), he would retain his vested interests on ceasing to be an employee, but unvested interests may be acquired by the EBT Trustee for the lower of the market value and the initial subscription price. In the case of a "very bad leaver" (i.e. has or could have been dismissed for cause or is in material breach of an obligation binding after termination), both vested and unvested interests may be acquired by the EBT Trustee for the lower of the market value and the initial subscription price.	The participant's interest shall continue to vest on the same dates as if that participant had remained in employment so long as the participant remains a good leaver. Should the participant die before a tranche vests, the participant's interest will vest entirely on the date of death.
Deferred Shares Under the AIP	Deferred share awards will lapse on the date the Executive Director ceases to be an employee.	An Executive Director will retain his deferred share award on ceasing employment with the Group and will receive the award at the usual vesting date in accordance with the plan rules, subject to the operation of clawback and malus provisions.
All-Employee Share Plans	Leavers will be treated within the scheme rules.	Leavers will be treated within the scheme rules.

Change of Control

The incentive schemes contain change of control provisions, as set out in the relevant scheme rules.

Under the LTIP, in the event of a takeover of the Company, LTIP awards will vest early subject to: (i) the extent that the performance and other conditions have been satisfied at that time, (ii) the operation of malus or clawback, and (iii) (unless the Remuneration Committee decides that pro-rating would be inappropriate in the particular circumstances) pro-rating to reflect the proportion of the normal performance period that has elapsed at the date of that event. The Remuneration Committee may, in its discretion, determine that the post-vesting holding period will no longer apply to an LTIP Award or to any part of it as of the vesting date or on such later date as decided by the Remuneration Committee.

Under the GIP, if there is a change of control of the Company, options may be exercised early subject to the performance target being satisfied, and in proportion to the amount of the performance period that has elapsed.

Under the AIP, deferred share awards vest early on a change of control, though the Remuneration Committee has discretion to not release the award early and instead roll the award into an equivalent award in the acquiring company.

Under the terms of the JSOS rules, in the event of an offer a participant may request the EBT Trustee to accept the offer with respect to shares that have vested under the JSOS.

For further information on agreements impacted by a change of control see the Directors' Report on pages 70 to 71.

Other Remuneration

External Appointments for Executive Directors

It is the Company's policy and a requirement of the contract of employment that the Executive Director may not take up non-executive directorships or other appointments without the approval of the Board. Any outside appointments are considered by the Nomination Committee or the Board to ensure they would not cause a conflict of interest and are then approved by the Board. The Board would not usually agree to an Executive Director taking on more than one non-executive directorship of a listed or public company or the chairmanship of such a company. It is the Company's policy that remuneration earned from such appointments may be kept by the individual Executive Director.

Payments Which are not in Accordance with the Policy

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before 7 May 2014 (the date the Company's first shareholder-approved directors' remuneration policy came into effect; (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Minor Amendments

The Remuneration Committee may make minor changes to this policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without seeking shareholder approval for that amendment.

Illustration of Directors' Remuneration Policy

The bar charts on page 96 provide estimates of the potential future reward opportunity for each of the Executive Directors based on the Directors' Remuneration Policy outlined on pages 80 to 96.

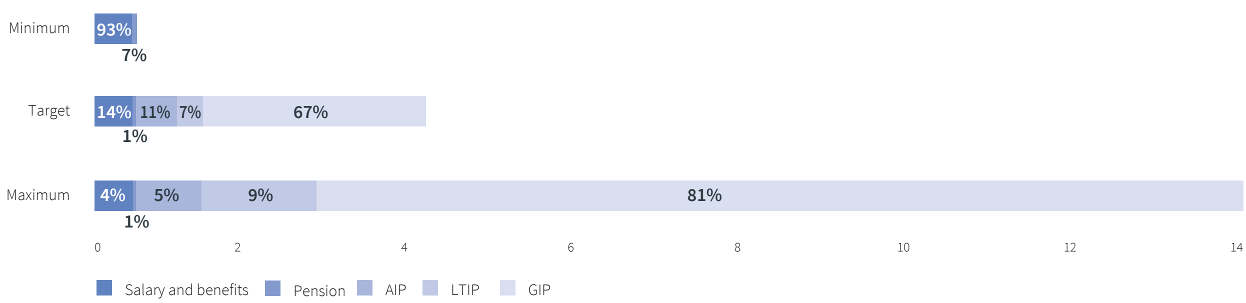
	AIP	LTIP	GIP	Base Salary, Benefits and Pension
Minimum	Performance is below threshold on each metric.	Performance is below threshold on each metric.	Performance is growth in the FTSE 100 Share Index plus not more than 5% p.a.	Fixed
Target or at Expectation	Performance is in line with the Company's expectations.	Threshold performance is reached.	Performance is growth in the FTSE 100 Share Index plus 5% p.a.	Fixed
Maximum	Maximum performance is achieved on each metric.	Maximum performance is achieved on each metric.	Performance is growth in the FTSE 100 Share Index plus 20% p.a.	Fixed

21. Directors' Remuneration Report

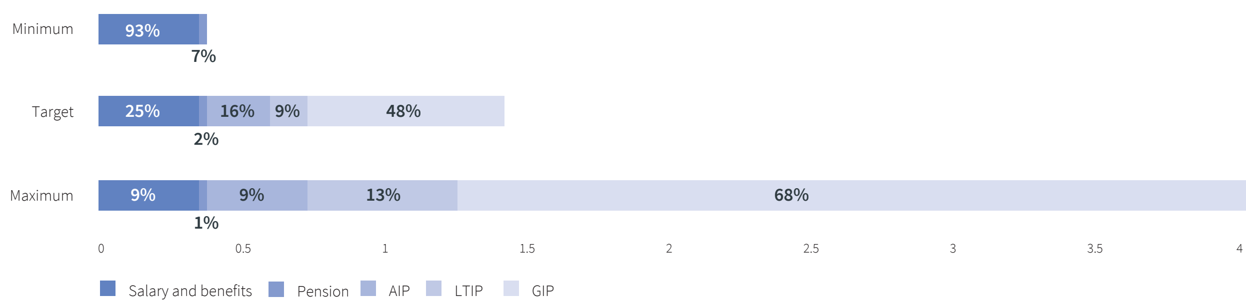
The figures use the 2016 base salary and pension (see pages 98 and 99) and value of benefits received for 2016 (see page 99). The performance related pay figures are based on the potential awards for 2017 (see pages 99 to 100), but it should be noted that LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant. For the purposes of illustrating the Directors' Remuneration Policy, it is assumed that the LTIP awards granted in 2017 will also be vesting in 2017. The estimated value of the GIP is calculated using a share price of 281 pence per share, being the average share price of the final three months of the period. It is also assumed that the GIP will vest in 2019. The estimated remuneration for each Executive Director is based on three different levels of performance, set out below.

In all scenarios, the impact of share price movements on the value of the LTIP awards has been excluded.

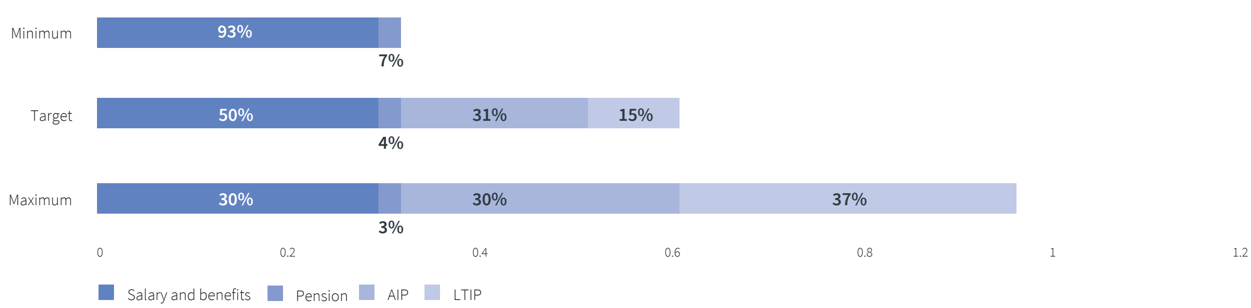
Tim Steiner, Chief Executive Officer (£m)



Duncan Tatton-Brown, Chief Financial Officer (£m)



Neill Abrams, Group General Counsel and Company Secretary (£m)



Mark Richardson, Chief Operations Officer (£m)