

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you should immediately consult your independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Ocado Group plc, please hand this document and the accompanying form of proxy or form of instruction to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



## **OCADO GROUP PLC**

*(incorporated and registered in England and Wales under the Companies Act 2006,  
registered number 07098618)*

### **NOTICE OF ANNUAL GENERAL MEETING 2019**

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Your attention is drawn to the letter from the Chairman of the Company which is set out on page 2 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company to be held at Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT at 10am on 1 May 2019 is set out at the end of this document. **Please note that photo ID (such as a driving licence or passport) will be required for entry to the building.**

If you cannot attend the Annual General Meeting, shareholders should use a form of proxy and members of the Ocado Share Account should use a form of instruction in order to vote at the Annual General Meeting.

If you received this document in the post, the form of proxy or form of instruction will have accompanied it; if you downloaded this document from [www.ocadogroup.com](http://www.ocadogroup.com) the form of proxy and form of instruction can be found on that website also.

**To be valid, your form of proxy or form of instruction should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company's registrars, Link Asset Services:**

- **by no later than 10am on 26 April 2019 in the case of members of the Ocado Share Account returning a form of instruction; and**
- **by no later than 10am on 29 April 2019 in the case of all other shareholders returning a form of proxy.**

**The form of proxy and form of instruction may be submitted electronically at [www.ocadoshares.com](http://www.ocadoshares.com) or can be delivered by post or by hand to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF.**

Further instructions relating to how you are able to vote are set out in the notes to the notice of the Annual General Meeting.



5 February 2019

Dear Shareholder,

### Annual General Meeting

I am pleased to invite you to this year's Annual General Meeting to be held at Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT at 10am on 1 May 2019. **Please note that photo ID (such as a driving licence or passport) will be required for entry to the building.**

The formal notice convening the Annual General Meeting can be found on pages 04 to 07 of this circular.

The Annual General Meeting gives the Board the opportunity to present the Company's performance and strategy to shareholders and to listen and respond to your questions. Your participation is important to us and if you cannot attend I would urge you to vote ahead of the Annual General Meeting.

You may register your proxy vote electronically by accessing our shareholder portal [www.ocadoshares.com](http://www.ocadoshares.com).

If you are a shareholder, you may also complete, sign and return a form of proxy (which will have accompanied this Notice if you received it in the post or if not can be downloaded at [www.ocadogroup.com](http://www.ocadogroup.com)) to be received by no later than 10am on 29 April 2019 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting).

If you hold shares through the Ocado Share Account, your shares are held on your behalf by Link Market Services Trustees (Nominees) Limited — a company owned by the administrators of the Ocado Share Account — and that company is the registered shareholder. You can, however, instruct this company how you want your shares voted at the Annual General Meeting by accessing our shareholder portal [www.ocadoshares.com](http://www.ocadoshares.com) or by filling out and returning a form of instruction (which will have been sent to you if you received this Notice in the post or if not can be downloaded at [www.ocadogroup.com](http://www.ocadogroup.com)), in both cases **by no later than 10am on 26 April 2019** (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting) in order to allow the registered shareholder, Link Market Services Trustees (Nominees) Limited, time to collate your votes. If you would prefer to attend, speak and/or vote at the Annual General Meeting in person, or appoint someone else to attend the Annual General Meeting and vote on your behalf, you must confirm this to Link Market Services Trustees (Nominees) Limited using the details provided at [www.ocadoshares.com](http://www.ocadoshares.com) or on the form of instruction provided.

If you are intending to come to the Annual General Meeting, please bring your attendance card with you to the Annual General Meeting. I do recommend that you arrive by 9.45am to enable us to carry out all of the registration formalities to ensure a prompt start at 10am.

We recognise that many shareholders are unable to attend the Annual General Meeting in person, so all Resolutions will be decided on a poll to be called by the Chairman at the meeting. The Board believes a poll is more representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. The results will be published on our website ([www.ocadogroup.com](http://www.ocadogroup.com)) and will be released to the London Stock Exchange as soon as practicable following the closing of the Annual General Meeting.

### The Board

The Articles of Association of the Company require each director to retire from office at every annual general meeting of the Company and each director has agreed to submit himself for reappointment by shareholders.

Biographical details of each of the directors (as at the date of this Notice) are given on pages 138 and 139 of the Company's Annual Report and Accounts for the 52 weeks ended 2 December 2018 (the "2018 Annual Report and Accounts").

Having considered the performance of and contribution made by each of the directors at the relevant time, the Board remains satisfied that the performance of each director continues to be effective and that each director can demonstrate commitment to the role and as such recommends the reappointment of each director standing for reappointment. More information on the Board and the director evaluation process is given on pages 66 and 67 of the 2018 Annual Report and Accounts.

#### **Explanatory Notes**

Explanatory notes on the business to be considered at the Annual General Meeting appear on pages 08 to 12 of this document.

#### **Recommendation**

The directors consider that each Resolution to be proposed at the Annual General Meeting is in the best interests of the shareholders as a whole and unanimously recommend shareholders to vote in favour of all Resolutions, as they intend to do in respect of their own shareholdings.

Yours faithfully,

A handwritten signature in black ink, consisting of a stylized 'L' followed by a horizontal line and a small upward curve, ending with a period.

**Lord Rose**

*Chairman*

**Ocado Group plc**

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Ocado Group plc (the “Company”) will be held at Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT at 10am on 1 May 2019. You will be asked to consider and, if thought fit, to pass the Resolutions below. Resolutions 26 to 29 (inclusive) will be proposed as special resolutions. All other Resolutions will be proposed as ordinary resolutions.

## ORDINARY RESOLUTIONS

### Report and Accounts

Resolution 1 — To receive the Company’s Annual Report and Accounts for the 52 weeks ended 2 December 2018 together with the reports of the directors and auditors.

### Remuneration report and policy

Resolution 2 — To approve the Directors’ Remuneration Policy in the form set out on pages 107 to 129 in the Directors’ Remuneration Report in the Company’s Annual Report and Accounts for the 52 weeks ended 2 December 2018.

Resolution 3 — To approve the Directors’ Remuneration Report, other than the part containing the Directors’ Remuneration Policy, in the form set out on pages 82 to 129 in the Company’s Annual Report and Accounts for the 52 weeks ended 2 December 2018.

### Directors

Resolution 4 — To re-appoint Lord Rose as a director of the Company.

Resolution 5 — To re-appoint Tim Steiner as a director of the Company.

Resolution 6 — To re-appoint Duncan Tatton-Brown as a director of the Company.

Resolution 7 — To re-appoint Neill Abrams as a director of the Company.

Resolution 8 — To re-appoint Mark Richardson as a director of the Company.

Resolution 9 — To re-appoint Luke Jensen as a director of the Company.

Resolution 10 — To re-appoint Jörn Rausing as a director of the Company.

Resolution 11 — To re-appoint Ruth Anderson as a director of the Company.

Resolution 12 — To re-appoint Douglas McCallum as a director of the Company.

Resolution 13 — To re-appoint Andrew Harrison as a director of the Company.

Resolution 14 — To re-appoint Emma Lloyd as a director of the Company.

Resolution 15 — To appoint Julie Southern as a director of the Company.

### Auditors

Resolution 16 — To re-appoint Deloitte LLP as auditors of the Company.

Resolution 17 — To authorise the directors to determine the remuneration of the auditors.

### Political donations

Resolution 18 — That, in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies that are its subsidiaries at any time during the period for which this Resolution is effective are authorised, in aggregate, to:

(A) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;

(B) make political donations to political organisations other than political parties not exceeding £50,000 in total; and

(C) incur political expenditure not exceeding £50,000 in total,

(as such terms are defined in sections 363 to 365 of the Companies Act 2006) during the period commencing on the date of the passing of this Resolution and finishing at the end of next year’s annual general meeting (or if earlier, the close of business on 1 August 2020).

### **The Ocado Value Creation Plan**

- Resolution 19 — (A) That the Ocado Value Creation Plan (the “VCP”), summarised in Appendix 1 to this Notice and the rules of which are produced to this meeting and for the purposes of identification initialled by the Chairman, be approved and the Board be authorised to do all such acts and things necessary or desirable to establish the VCP; and
- (B) That the Board be authorised to adopt further plans based on the VCP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any cash or shares made available under such further plans are treated as counting against any limits on individual or overall participation in the VCP.

### **The Ocado Annual Incentive Plan**

- Resolution 20 — (A) That the Ocado Annual Incentive Plan (the “AIP”), summarised in Appendix 2 to this Notice and the rules of which are produced to this meeting and for the purposes of identification initialled by the Chairman, be approved and the Board be authorised to do all such acts and things necessary or desirable to establish the AIP; and
- (B) That the Board be authorised to adopt further plans based on the AIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any cash or shares made available under such further plans are treated as counting against any limits on individual or overall participation in the AIP.

### **The Ocado 2019 Sharesave Scheme**

- Resolution 21 — (A) That the updated Ocado 2019 Sharesave Scheme (the “2019 Sharesave”), summarised in Appendix 3 to this Notice and the rules of which are produced to this meeting and for the purposes of identification initialled by the Chairman, be approved and the Board be authorised to do all such acts and things necessary or desirable to establish the 2019 Sharesave; and
- (B) That the Board be authorised to adopt further plans based on the 2019 Sharesave but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any cash or shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2019 Sharesave.

### **The Ocado 2019 Executive Share Option Scheme**

- Resolution 22 — (A) That the updated Ocado 2019 Executive Share Option Scheme (the “2019 ESOS”), summarised in Appendix 4 to this Notice and the rules of which are produced to this meeting and for the purposes of identification initialled by the Chairman, be approved and the Board be authorised to do all such acts and things necessary or desirable to establish the 2019 ESOS; and
- (B) That the Board be authorised to adopt further plans based on the 2019 ESOS but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any cash or shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2019 ESOS.

### **Amendment to the Chairman's Share Matching Award**

- Resolution 23 — That the terms of the agreement amending the Chairman's Share Matching Award in the form produced to the meeting and initialled by the Company Secretary for the purposes of identification (the “Amendment Agreement”), the principal terms of which are summarised in the explanatory note for this resolution, be approved and that the Board be authorised to do all such acts and things necessary to give effect to the Amendment Agreement.

### **Authority to allot shares (up to a maximum of one-third of the Company's issued share capital)**

- Resolution 24 — The Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of £4,655,395 and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. Such authority shall apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 1 August 2020) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

### **Authority to allot shares in connection with a rights issue only**

Resolution 25 — The Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £9,310,791 (such amount to be reduced by any allotments or grants made under Resolution 24, if passed) in connection with an offer by way of a rights issue to:

- (A) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (B) holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. Such authority shall apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 1 August 2020) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

### **SPECIAL RESOLUTIONS**

To consider and if thought fit to pass the following as special resolutions:

#### **General authority to disapply pre-emption rights**

Resolution 26 — That, if Resolution 24 and/or Resolution 25 is/are passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by Resolution 24 and/or Resolution 25 (as applicable) and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under Resolution 25, if Resolution 25 is passed, by way of a rights issue only):
  - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under Resolution 24 (if Resolution 24 is passed) and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph A above) up to a nominal amount of £698,309,

such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 1 August 2020) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (or treasury shares to be sold) after the power ends and the Board may allot equity securities (or sell treasury shares) under any such offer or agreement as if the power had not ended.

#### **Additional authority to disapply pre-emption rights**

Resolution 27 — That, if Resolution 24 is passed, the Board be given power, in addition to any authority granted under Resolution 26(B), to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by Resolution 24 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £698,309; and
- (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 1 August 2020) but, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

**Authority to purchase own shares**

Resolution 28 — The Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 2 pence each, such power to be limited:

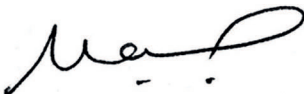
- (A) to a maximum number of 69,830,933 ordinary shares;
- (B) by the condition that the minimum price which may be paid for an ordinary share is 2 pence and the maximum price which may be paid for an ordinary share is the highest of:
  - i. an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - ii. the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,in each case, exclusive of expenses,

such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 1 August 2020) but in each case so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

**Notice of general meetings**

Resolution 29 — That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Neill Abrams**

*Company Secretary and Group General Counsel*  
5 February 2019

Registered Office: Buildings One & Two Trident Place, Mosquito Way, Hatfield, Hertfordshire, United Kingdom, AL10 9UL  
Registered in England and Wales number 07098618

# EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

## **Resolution 1 — To receive the Report and Accounts**

The Board asks that shareholders receive the Company's Annual Report and Accounts for the 52 weeks ended 2 December 2018 together with the reports of the directors and auditors (the "2018 Annual Report and Accounts").

## **Resolution 2 — Approval of the Directors' Remuneration Policy**

The 2019 Directors' Remuneration Policy is set out in full on pages 107 to 129 of the 2018 Annual Report and Accounts. In a letter from the Chairman of the Remuneration Committee, set out in Appendix 5 to this Notice, the background and rationale for the 2019 Directors' Remuneration Policy is explained in more detail.

As noted in the 2019 Directors' Remuneration Policy on page 107 of the 2018 Annual Report and Accounts, the Directors' Remuneration Policy will commence on 1 May 2019 subject to the shareholder vote. Payments will continue to be made to directors and former directors in line with existing arrangements until this date.

Once the Directors' Remuneration Policy commences, all payments by the Company to the directors and any former directors must be made in accordance with the policy (unless a payment has been separately approved by a shareholder resolution).

If the 2019 Directors' Remuneration Policy is approved and remains unchanged, it will be valid for three years without further shareholder approval. If the Company wishes to change the 2019 Directors' Remuneration Policy, it will need to put the revised policy to a vote again before it can implement the new policy. The directors expect that the Company will next propose a resolution to approve a new Directors' Remuneration Policy at the annual general meeting to be held in approximately May 2022.

If the 2019 Directors' Remuneration Policy is not approved, the Company will, if and to the extent permitted by the Companies Act 2006 (the "Act"), continue to make payments to directors in accordance with existing arrangements and will seek shareholder approval for a revised policy as soon as is practicable.

## **Resolution 3 — Approval of the Directors' Remuneration Report**

The Directors' Remuneration Report is set out in full on pages 82 to 129 of the 2018 Annual Report and Accounts.

Resolution 3 is the ordinary resolution to approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy. The Resolution is an advisory resolution and accordingly entitlement of a director to remuneration is not made conditional on the Resolution being passed.

## **Resolutions 4 to 15 — Appointment and Re-appointment of directors**

The Articles of Association of the Company require each director to retire from office at every annual general meeting of the Company and each director has agreed to submit himself for re-appointment by shareholders. Having considered the performance of and contribution made by each of the directors at the relevant time, the Board remains satisfied that the performance of each director continues to be effective and that each director continues to demonstrate commitment to the role and as such recommends their re-appointment.

Biographical details of all the directors (as at the date of this Notice) are set out on pages 138 and 139 of the 2018 Annual Report and Accounts and appear on the Company's website [www.ocadogroup.com](http://www.ocadogroup.com). More information on the Board and director evaluation process is given on pages 66 and 67 of the 2018 Annual Report and Accounts.

## **Resolutions 16 and 17 — Re-appointment of the auditors and authority for the directors to determine their remuneration**

On the recommendation of the Audit Committee, the Board is recommending to shareholders the re-appointment of Deloitte LLP as the Company's auditors. Accordingly, Resolution 16 proposes that Deloitte LLP be re-appointed as auditors of the Company.

Resolution 17 proposes that the directors be authorised to determine the level of the auditors' remuneration.



## **Resolution 18 — Authority to make political donations**

Part 14 of the Act restricts companies from making political donations to: (i) political parties; (ii) other political organisations; and (iii) independent election candidates and from incurring political expenditure without shareholders' consent. The Company does not make and does not intend to make donations to political parties, political organisations or independent election candidates, nor does it incur any political expenditure. However, as the definitions used in the Act are broad, it is possible that normal business activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform, which might not be thought to be political expenditure in the usual sense, could be caught. Shareholder approval is being sought in this Resolution on a precautionary basis only to allow the Company and any company, which at any time during the period for which this Resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and Government interests, without running the risk of being in breach of the Act.

The Board is therefore seeking authority to make political donations to political parties and/or independent election candidates not exceeding £50,000 in total, to make political donations to political organisations other than political parties not exceeding £50,000 in total and to incur political expenditure not exceeding £50,000 in total. In line with the guidance issued originally by the Association of British Insurers ("ABI") and for which the Investment Association ("IA") has assumed responsibility, it is proposed that this Resolution will be put to shareholders annually. Therefore the authority will expire at the earlier of 1 August 2020 and the conclusion of the annual general meeting of the Company held in 2020.

## **Resolutions 19 to 23 — Approval of the Ocado Value Creation Plan, the Ocado Annual Incentive Plan, the Ocado 2019 Sharesave Scheme, the Ocado 2019 Executive Share Option Scheme and the Amendment to Chairman's Share Matching Award**

### *Approval of a new long-term incentive plan (Resolution 19)*

The Board is seeking shareholders' approval for the Ocado Value Creation Plan (the "VCP") in Resolution 19, which will be proposed as an ordinary resolution.

The Remuneration Committee has reviewed its approach to remuneration for the Chief Executive Officer and other executive directors. The Remuneration Committee has concluded that it would be appropriate to introduce the VCP to replace the current Growth Incentive Plan with the aim of incentivising and rewarding exceptional levels of performance over a five-year period.

The VCP will provide the potential for greater rewards for executive directors only if shareholders benefit from sustained share price growth over a five year period.

In developing the VCP, the Remuneration Committee has taken into account views expressed by the Company's shareholders. In a letter from the Chairman of the Remuneration Committee, set out in Appendix 5 to this Notice, the background and rationale for the VCP is explained in more detail. Full details of the consultation and changes made are provided in the Directors' Remuneration Report set out on pages 82 to 129 of the 2018 Annual Report and Accounts.

If Resolution 19 set out in this Notice is approved, the Remuneration Committee intends to make VCP awards in May 2019.

### *Approval of a new annual incentive plan (Resolution 20)*

The Board is seeking shareholders' approval for the Ocado Annual Incentive Plan (the "AIP") in Resolution 20, which will be proposed as an ordinary resolution.

The Remuneration Committee has reviewed its approach to remuneration for the Chief Executive Officer and other executive directors. The Remuneration Committee has concluded that it would be appropriate to introduce the AIP to replace the current annual bonus and the Ocado Long Term Incentive Plan.

The AIP will enable the Remuneration Committee to make annual awards to executive directors with at least half of any bonus achieved deferred into shares.

In developing the AIP, the Remuneration Committee has taken into account views expressed by the Company's shareholders. Full details of the consultation and changes made are provided in the Directors' Remuneration Report set out on pages 82 to 129 of the 2018 Annual Report and Accounts.

If Resolution 20 set out in this Notice is approved, the Remuneration Committee intends to operate the AIP in 2019.

### *Approval of renewal of Sharesave scheme (Resolution 21)*

The Board is seeking shareholders' approval for the renewal of the savings-related all-employee share option plan, the Ocado 2019 Sharesave Scheme (the "2019 Sharesave"), which will be proposed as an ordinary resolution.

The Ocado Sharesave Scheme, which was approved by shareholders in 2010, will expire on 30 June 2020. The Board is therefore seeking shareholder approval for the Ocado 2019 Sharesave Scheme to renew the Ocado Sharesave Scheme, which has been updated to take account of legislative changes and updated investor guidance.

The Board considers all-employee share ownership to be a key component of the Company's overall remuneration strategy, as it has done for the last 18 years, allowing the Company to better align the interests of employees and shareholders, while at the same time helping the Company to recruit, retain and motivate employees at all levels within the group. The 2019 Sharesave offers tax advantages to participants in the UK in accordance with legislation in the UK.

#### *Approval of a renewal of executive share option scheme (Resolution 22)*

The Board is seeking shareholders' approval for the renewal of the Company share option plan, the Ocado 2019 Executive Share Option Scheme (the "2019 ESOS") in Resolution 22, which will be proposed as an ordinary resolution.

The 2019 ESOS is based on the Company's existing 2014 Executive Share Option Scheme (the "2014 ESOS"). The 2014 ESOS, which was approved by shareholders in May 2014, will expire on 30 June 2020. The Board is therefore seeking shareholder approval for the 2019 ESOS to renew the 2014 ESOS, which has been updated to take account of legislative changes and updated investor guidance.

The same limits on individual and overall participation will apply to the 2019 ESOS as apply to the 2014 ESOS.

#### *Approval of an Amendment to the Chairman's Share Matching Award*

Prior to joining the Board, the Chairman acquired 750,000 ordinary shares on his own account (the "Acquired Shares").

At the Company's 2013 AGM the shareholders approved the Chairman's Share Matching Award (the "Award"). The Award entitled the Chairman to subscribe for 452,284 ordinary shares at their nominal value (the "Matching Shares").

The terms of the Award prevent the Chairman from disposing of the Acquired Shares whilst he remains a director of the Company and prevent the Chairman from disposing of the Matching Shares until the first anniversary of his ceasing to be a director of the Company.

Pursuant to the Amendment Agreement, the Chairman and the Company have agreed to release the Chairman from the disposal restriction in relation to the Acquired Shares six years after it was first put in place.

The Amendment Agreement is conditional on shareholder approval of Resolution 23 set out in this Notice.

The Matching Shares vested in May 2016. At this point in line with normal market practice, the restrictions on the sale of the Acquired Shares would usually be expected to fall away. However under the terms of the award, the removal of the sale restrictions on the Acquired Shares purchased by the Chairman requires shareholder approval. The Committee believes that since the Matching Shares would remain subject to an ongoing restriction that prevents sale of these shares, these arrangements alone provide sufficient alignment of interests between the Company and its shareholders and the Chairman. All other restrictions on the Chairman's ability to dispose of ordinary shares imposed by applicable law and the provisions of the Company's Share Dealing Code will continue to apply.

#### *Details of the VCP, the AIP, the 2019 Sharesave Schemes and the 2019 ESOS*

A summary of the principal terms of the proposed VCP, the AIP, the 2019 Sharesave and the 2019 ESOS are set out in Appendices 1 to 4 respectively to this notice of Annual General Meeting. A copy of the new VCP, AIP, 2019 Sharesave, and 2019 ESOS rules and the Amendment Agreement for the Chairman's Share Matching Award will be available for inspection at One Bunhill Row, London, EC1Y 8YY, United Kingdom during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting from 15 minutes prior to its commencement until its conclusion.

#### **Resolution 24 — Authority to allot shares (up to a maximum of one-third of the Company's issued share capital)**

This Resolution would give the directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £4,655,395 (representing 232,769,750 ordinary shares of 2 pence each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 21 January 2019, the latest practicable date prior to publication of this Notice.

The authority sought under this Resolution will expire at the earlier of 1 August 2020 and the conclusion of the annual general meeting of the Company held in 2020.

The directors have no present intention to exercise the authority sought under this Resolution, except that they intend to satisfy options and awards under the Company's option and incentive schemes and one-off incentive arrangements. The Board wishes to ensure that the Company has maximum flexibility in managing the Company's capital resources.

As at the date of this Notice, no ordinary shares are held by the Company in treasury and so the references to the Company's share capital above do not include any treasury shares.

**Resolution 25 — Authority to allot shares in connection with a rights issue only (up to a maximum of two-thirds of the Company's issued share capital, but subject to any allotments or grants under Resolution 24)**

In line with guidance issued by the Investment Association ("IA Guidance") (formerly, guidance issued by the ABI), this Resolution would give the directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £9,310,791 (representing 465,539,550 ordinary shares), as reduced by the nominal amount of any shares issued under Resolution 24, if that resolution is passed. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 21 January 2019, the latest practicable date prior to publication of this Notice.

The authority sought under this Resolution will expire at the earlier of 1 August 2020 and the conclusion of the annual general meeting of the Company held in 2020.

The directors have no present intention to exercise the authority sought under this Resolution, but the Board wishes to ensure that the Company has maximum flexibility in managing the Company's capital resources. However, if they do exercise the authority, the directors intend to follow the IA Guidance recommendations concerning its use.

As at the date of this Notice, no ordinary shares are held by the Company in treasury and so the references to the Company's share capital above do not include any treasury shares.

**Resolutions 26 and 27 — Disapplication of pre-emption rights**

Resolutions 26 and 27 will be proposed as special resolutions, which require a 75% majority of the votes to be cast in favour. They would give the directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The authority set out in Resolution 26 would be, similar to previous years, limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £698,309 (representing 34,915,450 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 21 January 2019, the latest practicable date prior to publication of this Notice.

Resolution 27 authorises the Directors to allot new shares (or sell treasury shares) for cash, without the shares first being offered to existing shareholders in proportion to their existing holdings, in addition to the authority set out in Resolution 26(B), in connection with the financing (or refinancing, if the authority is to be used within six months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. The authority under Resolution 27 is limited to an aggregate nominal amount of £698,309 (representing 34,915,450 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 21 January 2019, the latest practicable date prior to publication of this Notice.

Resolutions 26 and 27 have been separated in accordance with the guidance issued by the Pre-Emption Group.

In respect of the authority under Resolution 27(B), the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities allowing the issuance of ordinary shares on a non pre-emptive basis for cash (except in connection with an acquisition or specified capital investment) within a rolling three year period where the Principles provide that usage in excess of 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders. Adherence to the guidance would not preclude issuances under the authority sought under Resolution 27.

The authority will expire at the earlier of 1 August 2020 and the conclusion of the annual general meeting of the Company held in 2020.

**Resolution 28 — Authorisation for the Company to purchase its own shares**

This Resolution will be proposed as a special resolution and authority is sought for the Company to purchase up to 10% of its issued ordinary shares (excluding any treasury shares). The Company purchased no ordinary shares in the period from 2 May 2018 to the date of this Notice under the existing authority.

The directors have no present intention of exercising the authority to make market purchases; however, the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The directors will consider holding any ordinary shares the Company may purchase as treasury shares. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share, is 2 pence. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of: (i) an amount equal to 5% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 9,039,079 ordinary shares, representing 1.29% of the Company's ordinary issued share capital (excluding treasury shares) as at 21 January 2019. If the existing authority given on 2 May 2018 and the authority now being sought by Resolution 28 were to be fully used, these would represent 1.61% of the Company's ordinary issued share capital (excluding treasury shares) at that date.

The authority will expire at the earlier of 1 August 2020 and the conclusion of the annual general meeting of the Company held in 2020.

**Resolution 29 — Notice of general meetings**

The notice period required by the Act for general meetings (other than an annual general meeting) is 21 clear days unless the Company:

- has gained shareholder approval for the holding of general meetings on not less than 14 clear days' notice by passing a special resolution at the most recent annual general meeting; and
- offers the facility for all shareholders to vote by electronic means.

This Resolution seeks such approval to hold a general meeting other than an annual general meeting on not less than 14 clear days' notice and will be proposed as a special resolution. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. In order to comply with The UK Corporate Governance Code (April 2016) (the "Code"), the Company would be required to circulate notices of all general meetings and related papers at least 14 working days in advance of the meeting. In the event that the Company relied on the shorter notice period and did not comply with the Code it would intend to explain any non-compliance in the subsequent annual report and accounts. Should this Resolution be approved it will be valid until the end of the next annual general meeting.

## NOTES TO THE NOTICE OF MEETING

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. Members of the Ocado Share Account should refer to the procedure for submitting instructions referred to in paragraph 12 below. A person holding shares through the Ocado Share Incentive Plan should refer to the procedure for submitting instructions referred to in paragraph 13 below. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice (if you received this Notice in the post) or is available to download from [www.ocadogroup.com](http://www.ocadogroup.com). If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Link Asset Services:
  - by post at Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF;
  - by telephone on 0345 608 1476. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9am to 5.30pm, Monday to Friday excluding public holidays in England and Wales; or
  - electronically via [www.ocadoshares.com](http://www.ocadoshares.com).
2. To be valid any proxy form must be submitted:
  - by post or (during normal business hours only) by hand to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF;
  - electronically via [www.ocadoshares.com](http://www.ocadoshares.com) (you will be asked to enter your Investor Code shown on your share certificate and agree to certain terms and conditions); or
  - in the case of shareholders holding their shares through CREST, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraphs 8 to 11 below, by no later than 10am on 29 April 2019 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting).
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
4. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
5. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/en/about/our-rules.html](http://www.euroclear.com/en/about/our-rules.html)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent, Link Asset Services (ID RA10), by 10am on 29 April 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.



11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. If you hold shares through the Ocado Share Account, you can instruct Link Market Services Trustees (Nominees) Limited how you want the votes in respect of your shares to be exercised at the Annual General Meeting, either:
- electronically via [www.ocadoshares.com](http://www.ocadoshares.com); or
  - by filling out a form of instruction and returning it by post or (during normal business hours only) by hand to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF,
- in either case by no later than 10am on 26 April 2019 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting). If you would prefer to attend, speak and vote at the Annual General Meeting in person, or appoint someone else to attend the Annual General Meeting and vote on your behalf, you must confirm this to Link using the details provided at [www.ocadoshares.com](http://www.ocadoshares.com) or on the form of instruction by no later than 10am on 26 April 2019 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting). **After 10am on 26 April 2019 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting) you will no longer be able to:**
- **instruct Link Market Services Trustees (Nominees) Limited how you want the votes in respect of your shares to be voted;**
  - **register to attend the Annual General Meeting in person; or**
  - **change your instructions either as to how you want the votes in respect of your shares to be voted or in order to attend the Annual General Meeting in person.**
13. If you hold shares through the Ocado Share Incentive Plan (the "SIP"), you can instruct Yorkshire Building Society, as trustee of the SIP, how you want the votes in respect of your shares to be exercised at the Annual General Meeting electronically via [www.ybsshareplans.co.uk](http://www.ybsshareplans.co.uk) by no later than midnight on 17 April 2019. **After midnight on 17 April 2019 you will no longer be able to:**
- **instruct YBS Share Plans how you want the votes in respect of your shares to be voted; or**
  - **change your instructions either as to how you want the votes in respect of your shares to be voted or in order to attend the Annual General Meeting in person.**
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that such corporation does not do so in relation to the same shares.
15. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
16. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 6 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
17. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company by close of business on 29 April 2019 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
18. As at 21 January 2019 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 698,309,337 issued ordinary shares of 2p each admitted to trading. The Company does not hold any ordinary shares in treasury. Each ordinary share carries the right to one vote in relation to all circumstances at general meetings of the Company. Accordingly, the total voting rights of the Company as at 21 January 2019 are 698,309,337. Of these issued ordinary shares:
- a) 6,401,306 shares are held by Wealth Nominees Limited on behalf of Estera Trust (Jersey) Limited, the independent company which is the trustee of Ocado's employee benefit trust (the "EBT Trustee"). The EBT Trustee has waived its right to exercise its voting rights and to receive dividends in respect of these 6,401,306 ordinary shares, although it may vote in respect of 1,885,014 ordinary shares which have vested under the joint share ownership scheme and remain in the trust as at 21 January 2019, at the request of a participant; and
  - b) 2,188,027 ordinary shares are held by Yorkshire Building Society, the trustee for the Company's SIP, who must vote, at the request of a participant, in respect of ordinary shares held by the trustee on behalf of that participant.

19. Copies of the service contracts and letters of appointment of the directors of the Company will be available for at least 15 minutes prior to the Annual General Meeting and during the Annual General Meeting.
20. Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may be properly moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 19 March 2019, being the date six clear weeks before the Annual General Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
21. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
22. Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
23. Except as provided above, members who have general queries about the Annual General Meeting should use the following means of communication (no other methods of communication will be accepted):
- calling: 0345 608 1476. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9am to 5.30pm, Monday to Friday excluding public holidays in England and Wales;
  - writing to: Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; or
  - emailing: [ocado@linkgroup.co.uk](mailto:ocado@linkgroup.co.uk).
- You may not use any electronic address provided either in this Notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
24. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.ocadogroup.com](http://www.ocadogroup.com).



## OCADO ANNUAL GENERAL MEETING 2019

### VENUE:

Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT.

### TIMINGS:

1 May 2019.

#### 9.30am

Doors open, security clearance and registration begins. Light refreshments available.

#### 9.45am

Meeting room doors open.

Please make your way to the meeting room where hosts will direct you to your seats.

#### 10.00am

Meeting commences.

#### 11.30am (approximately)

Meeting closes.

Light refreshments available.

### ADMISSION:

Please plan to arrive before 9.45am to allow enough time for registration and security clearance, bringing your attendance card with you.

### SECURITY:

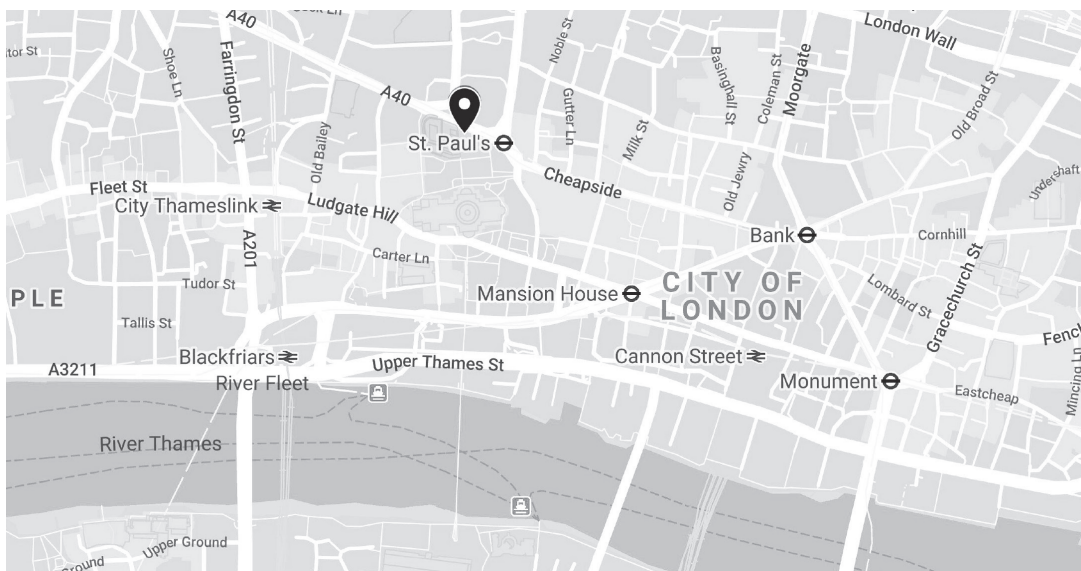
Standard security measures will be in place to ensure your safety. Please note that bag searches will be in operation, and any items deemed inappropriate will be removed and stored until the end of the event.

**Please note that photo ID (such as a driving licence or passport) will be required for entry to the building.**

Flash photography will not be allowed at the meeting.

### TRANSPORT:

In line with our commitment to the environment, we recommend shareholders use public transport to attend the Annual General Meeting. The closest public transport links are shown below.





# APPENDIX 1

## SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED OCADO VALUE CREATION PLAN

Set out below is a summary of the principal terms of the proposed Ocado Value Creation Plan (the “VCP”).

### Introduction

The VCP has been designed to incentivise management to deliver exceptional returns for shareholders over a five year period (the “**Performance Period**”). Under the VCP, participants will receive (in the form of ordinary shares in the Company (“**Shares**”)) a proportion of the returns delivered for shareholders above a threshold rate.

### Eligibility

All employees (including executive directors) of the Company or any of its subsidiaries are eligible for selection to participate at the discretion of the Board. In practice, it is expected that participation in the VCP will be focused on the Company’s senior management who are most able to impact the Company’s shareholder returns. Participation in the VCP by any member of the Company’s senior management team will be supervised by the Remuneration Committee.

### Participation rights

Under the VCP, the Board (or, following consultation with the Board, the trustees of the Company’s employee benefit trust (the “**Trustee**”)) may grant an eligible employee a right (a “**Participation Right**”) to receive a proportion of the Company’s total shareholder return above a threshold rate (the “**Threshold Rate**”). The Threshold Rate will be 10% compound annual growth rate for all VCP participants. The proportion to which the participant is entitled (the “**Participant Percentage**”) will also be set at the time the Participation Right is granted.

Participation Rights may be granted during the 42 days beginning on: a) the day the VCP is approved by shareholders; b) the day after the announcement of the Company’s results for any period; c) the day the Board determines that exceptional circumstances exist which justify the grant of a Participation Right; or d) if the Company is subject to dealing restrictions preventing the grant of Participation Rights, the day those restrictions are lifted. No Participation Rights may be granted after the fifth anniversary of the VCP’s approval by shareholders.

At the time the Participation Right is granted, the Board will set the dates by reference to which the value of the Participation Right will be measured for each year of the Performance Period. These dates will normally be the 30 days following the announcement of the Company’s results for each financial year in the Performance Period (the “**Measurement Period**”). Following the end of each Measurement Period, the Participation Right will convert into an award over Shares (an “**Award**”) with a value on conversion calculated in accordance with the following steps:

1. Take the average market value of a Share over the Measurement Period plus the value of the dividends paid on that Share in respect of the last financial year (the “**Year End Value**”);
2. Deduct the higher of:
  - i. the 30-day average price of a Share prior to the date of approval of the VCP by shareholders, compounded by the Threshold Rate (the “**Threshold**”); and
  - ii. the highest Year End Value from a previous Measurement Period which led to the Participation Right converting into an Award;
3. Multiply the result of step two by the Participant Percentage; and
4. Multiply the result of step three by the number of Shares in issue at the end of the relevant Measurement Period.

### Form of Awards

The Board may deliver Awards either as nil-cost options over Shares (or equivalent rights) or as a combined award of a nil-cost option and Shares jointly acquired by the participant and the Trustee at the time the Participation Right is granted. Where Awards are made through the combined grant of a nil-cost option and the acquisition of jointly owned Shares, any value the participant receives under the jointly owned Shares will be offset against the value he may receive under the related nil-cost option. No Awards may be granted after the fifth anniversary of the VCP’s approval by shareholders.

Nil-cost options may be granted during the 42 days beginning on: a) the day after the announcement of the Company’s results for any period; b) the day the Board determines that exceptional circumstances exist which justify the grant of an Award; or c) if the Company is subject to dealing restrictions preventing the grant of Awards, the day those restrictions are lifted.

### Annual limit

The terms of the Participation Right will include a limit on the number of Shares in respect of which an Award may vest on a given vesting date (the “**Annual Limit**”). The Annual Limit in respect of the Chief Executive Officer will be £20 million and a proportionate limit will be set for other participants by reference to their participation rate. Where the vesting of an Award is restricted by the Annual Limit, the excess portion of the Award (the “**Deferred Award**”) will be rolled forward to vest on the next vesting date. On a subsequent vesting date, the aggregate value of the Award vesting on that date in the normal course and any Deferred Award may not exceed the Annual Limit (or the excess Award will again be rolled forward to the next vesting date). For the purposes of this limit the value of an Award will be calculated by reference to the market value of the underlying Shares on the relevant vesting date.

### Vesting and exercise of Awards

Awards under the VCP will normally vest in three tranches:

- a) At the end of the third Measurement Period in the Performance Period, 50% of the unvested Awards accrued up to that point will normally vest, subject to the Annual Limit. However, if the Year End Value at the end of the third Measurement Period is less than the Threshold, the Awards will not vest as set out above at this time but will not lapse;
- b) At the end of the fourth Measurement Period in the Performance Period, 50% of the unvested Awards accrued up to that point will normally vest, subject to the Annual Limit. However, if the Year End Value at the end of the fourth Measurement Period is less than the Threshold, the Awards will not vest as set out above at this time but will not lapse; and
- c) At the end of the fifth Measurement Period in the Performance Period, the remainder of any unvested Awards will normally vest, subject to the Annual Limit (“**Third Vesting Date**”). However, if the Year End Value at the end of the fifth Measurement Period is less than the Threshold, any unvested Awards will lapse.

Any vesting of an Award described above is subject to the discretion of the Board to vary the level of vesting, where it considers that the formulaic vesting would not be a fair and accurate reflection of business performance, the participant's personal performance and such other factors as the Board may consider appropriate.

Deferred Awards will vest on the first vesting date on which the value of the Deferred Awards vesting (when added to the value of any other Awards vesting on that date) does not breach the Annual Limit. Where the vesting of Deferred Awards is restricted by the Annual Limit on the Third Vesting Date, Deferred Awards will vest annually on the anniversary of the Third Vesting Date to the extent permitted to the Annual Limit. However, on the fifth such anniversary, the Annual Limit will be disapplied and Awards (to the extent then outstanding) will vest in full. Deferred awards are capable of vesting at the end of the fourth and fifth Measurement Period, when the Year End Value is less than the Threshold.

The Board may determine that Awards are also subject to a post-vesting holding period, during which the participant cannot sell the underlying Shares. It is intended that additional holding periods will normally apply to Awards such that the underlying Shares may not be disposed of within five years of the grant of the related Participation Right.

Awards structured as nil-cost options may normally be exercised during the period from vesting until the tenth anniversary of the grant date of the Participation Right.

### Plan limits

In any period of 10 years, not more than 10% of the Company's issued ordinary share capital may be issued under the VCP and under any other employees' share scheme adopted by the Company. In the same period, no more than 5% of the Company's issued ordinary share capital may be issued under the VCP and any other discretionary employees' share scheme adopted by the Company. Shares issued out of treasury under the VCP will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before the Company's IPO will not count towards these limits.

In addition, the total number of Shares over which Awards may be granted may not exceed 2.75% of the Company issued share capital from time to time.

Awards which have lapsed or been renounced will not count towards the limits set out above. Where Awards are structured as a combined award of a nil-cost option and jointly owned Shares, the higher of the number of Shares subject to the nil-cost option and the number of jointly owned Shares will count towards such limits.

### Malus and clawback

Under the rules of the VCP, the Board may, in its absolute discretion, invoke malus and/or clawback provisions prior to the second anniversary of the vesting of an Award (or such later date as the Board may determine) if the Board determines there have been exceptional circumstances. These circumstances may include (without limitation):

- a) a material misstatement in the published results of the Group or a member of the Group;
- b) the assessment of any applicable performance condition or the calculation of the number of Shares subject to an Award being based on an error or inaccurate or misleading information;
- c) employee misconduct;
- d) the Board determining that the participant has caused a material loss for the Group as a result of reckless, negligent or wilful actions or omissions or inappropriate values or behaviour;

- e) a member of the Group is censured by a regulatory body or suffers a significant detrimental impact to its reputation, for which the participant is responsible or had management oversight; and
- f) the Company or a material proportion of the Group suffering insolvency or a similar corporate failure caused wholly or in part by the participant.

Under these provisions, the Board may reduce and/or impose additional conditions on the amount of any outstanding Award or require the participant to return some or all of the value of the Shares received under the Award.

### **Cessation of employment**

Except in certain circumstances set out below, if a participant ceases to hold office or employment with a member of the Group, he will lose his entitlement to any Participation Right and unvested Awards (other than Deferred Awards) he holds.

However, if a participant ceases to hold office or employment because of his death, injury, ill health, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Board ("a **Good Leaver Reason**"):

- a) the Board may allow the Participation Right to continue until the Measurement Period following his cessation of office or employment; and
- b) any unvested Award may, at the Board's discretion, continue to vest on the date when it would have vested as if he had not ceased office or employment.

Where a participant ceases to hold office or employment for a Good Leaver Reason, the Participation Right in respect of the year in which cessation of office or employment occurs and/or the extent to which any unvested Awards vest, may, at the Board's discretion, be prorated to reflect the period of time between the grant of the Participation Right and the date of cessation of office or employment.

If a participant dies, the Board may determine that the value of any outstanding Participation Right will be determined and any unvested Awards will vest as soon as reasonably practicable after the date of death on the same basis as set out for other "good leavers" above.

If a participant ceases to hold office or employment holding Deferred Awards, those Deferred Awards will vest as if he had not ceased office or employment.

If a participant ceases to hold office or employment holding Awards subject to a holding period, those Awards will normally be released from their holding period at the originally set time, except in the case of death or such other circumstances as the Board may determine, when the holding period may end earlier.

Where Awards have been structured as options, they may (to the extent vested) be exercised following the participant's cessation of office or employment during a period determined by the Board.

### **Corporate events**

In the event of a change of control or winding up of the Company:

- a) the Board will determine the value of any outstanding Participation Right using as the Year End Value the value of the offer consideration per Share in connection with the change of control (or, in the case of a winding up, the proceeds per Share on the winding up);
- b) any unvested Award will vest; and
- c) Awards subject to a holding period will be released from their holding period.

Alternatively, the Board may decide that any outstanding Participation Rights and Awards will be exchanged for equivalent awards agreed with the acquiring company.

If other corporate events occur such as a demerger, special dividend or other event determined by the Board, the Board may determine that:

- a) Participation Rights will convert on such basis as it may determine, using the date of such event as the end of a Measurement Period; and
- b) Awards will vest (and be released from any holding periods) on the same basis as for a change of control.

**Amendments**

The Board may, at any time, amend the provisions of the VCP in any respect. The prior approval of the Company's shareholders will be obtained in the case of any amendment to the advantage of current or future participants which is made to the provisions relating to eligibility, limits, the basis for determining the entitlement to, and the terms of, Participation Rights or Awards, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to this prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the VCP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

**Non-transferability**

Awards are not transferable other than to the participant's personal representatives in the event of his death or where exceptionally the Board has permitted the Participation Right or Award to be held by a trustee on behalf of the Participant. Awards will also lapse on the participant's bankruptcy, unless the Board determines otherwise.

**Variation of capital**

If there is a variation of share capital of the Company or in the event of a demerger, special dividend or other event determined by the Board (including any event affecting the capital or funding of the Group), the Board may make such adjustments as it may determine to:

- a) the Threshold, the Participant Percentage or the description of the Shares that may be acquired in satisfaction of the Participation Right; and
- b) the number or description of Shares subject to Awards or any share price hurdle applicable to Awards delivered as jointly owned Shares.

**Rights attaching to Shares**

Any Shares allotted or transferred in connection with the VCP will normally rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue or transfer). Where Awards have been structured as jointly owned Shares, the Trustee and participant will waive the voting and dividend rights relating to those Shares until they cease to be jointly owned.

**Benefits not pensionable**

The benefits received under the VCP are not pensionable.

## APPENDIX 2

### SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED OCADO ANNUAL INCENTIVE PLAN

Set out below is a summary of the principal terms of the proposed Ocado Annual Incentive Plan (the “**AIP**”).

#### **Introduction**

The AIP has been designed to reward superior performance over each financial year of the Company. Under the AIP, part of the value a participant receives in respect of a financial year will be delivered in cash following the determination of the relevant performance conditions, with the remaining portion being deferred into an award of ordinary shares in the Company (“**Shares**”).

#### **Eligibility**

All employees (including executive directors) of the Company or any of its subsidiaries are eligible for selection to participate at the discretion of the Remuneration Committee (the “**Committee**”).

#### **Bonuses**

Employees who are selected to participate in the AIP will, at the Committee's discretion, receive a right to (a) an amount of cash (a “**Cash Payment**”) and/or (b) a deferred award of Shares (an “**Award**”), subject to the rules of the AIP. The aggregate value of the Cash Payment and the total market value (as determined by the Committee) of the Shares subject to the Award at grant (the “**Bonus**”) may not, in the case of a Bonus awarded to an executive director of the Company, exceed what is permitted by the Company's shareholder-approved directors' remuneration policy in force from time to time.

Receipt of a Bonus may, and will, in the case of an executive director, be subject to performance conditions set by the Committee. The Committee has the discretion to amend these performance conditions but will only do so in respect of an executive director of the Company if a significant and material event occurs which renders, in its opinion, the existing performance conditions inappropriate. The extent to which these performance conditions have been satisfied will be determined by the Committee following the Board's approval of the annual audited consolidated results of the Group for the financial year.

The Committee will determine, in its absolute discretion, the amount of any Bonus, taking into account the extent to which any relevant performance conditions have been satisfied, the overall financial performance of the Company, the performance of the participant and any other factors it, in its absolute discretion, considers appropriate. The Committee will then, on a case by case basis, also determine the proportion of the Bonus to be paid in cash and the proportion to be satisfied by an Award. In the case of a Bonus awarded to an executive director of the Company, the proportion of the Bonus paid in cash may not exceed what is permitted by the Company's shareholder-approved directors' remuneration policy in force from time to time.

#### **Dilution limits**

In any period of 10 years, not more than 10% of the Company's issued ordinary share capital may be issued under the AIP and under any other employees' share scheme adopted by the Company. In the same period, no more than 5% of the Company's issued ordinary share capital may be issued under the AIP and any other discretionary employees' share scheme adopted by the Company. Shares issued out of treasury under the AIP will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before the Company's IPO will not count towards these limits.

#### **Awards**

The Committee may make Awards as conditional or forfeitable awards of Shares or nil-cost or nominal cost options over Shares. No payment is required for an Award.

Awards will normally be made during the 42 days beginning on the day after the announcement of the Company's results for any period or when the Committee determines that exceptional circumstances exist which justify the making of an Award at that time. If the Company is restricted in making Awards during these periods, it may make Awards in the period of 42 days from when those restrictions are lifted. No Awards may be granted after 1 May 2029.

#### **Vesting and exercise of Awards**

Awards will normally vest on the normal vesting date set by the Committee on the date the Award is granted, which, in the case of an Award to an executive director of the Company, will normally be the third anniversary of the date of grant.

The Committee may determine that Awards are also subject to a post-vesting holding period, during which the participant cannot sell the underlying Shares. It is intended that (to the extent required by the Company's shareholder-approved directors' remuneration policy in force from time to time) Awards granted to the executive directors of the Company will be subject to a two-year post-vesting holding period.

Awards structured as options may then normally be exercised during the period from vesting (or if the Award is subject to a holding period, the end of the holding period) until the tenth anniversary of the grant date.

### Malus and clawback

Under the rules of the AIP, the Committee may, in its absolute discretion, invoke malus and/or clawback provisions within three years of the normal payment date of a Cash Payment or within two years of the vesting of an Award if the Committee determines there have been exceptional circumstances. These circumstances may include (without limitation):

- a) a material misstatement in the published results of the Group or a member of the Group;
- b) the assessment of any applicable performance condition or the calculation of the number of Shares subject to an Award being based on an error or inaccurate or misleading information;
- c) employee misconduct;
- d) the Committee determining that the participant has caused a material loss for the Group as a result of reckless, negligent or wilful actions or omissions or inappropriate values or behaviour;
- e) a member of the Group is censured by a regulatory body or suffers a significant detrimental impact to its reputation, for which the participant was responsible or had management oversight; and
- f) the Company or a material proportion of the Group suffering insolvency or a similar corporate failure caused wholly or in part by the participant.

Under these provisions, the Committee may reduce and/or impose additional conditions on the amount of any Award or unpaid Cash Payment which has not been delivered to the participant or require the participant to return some or all of the value of the Bonus received.

### Dividend equivalents

The Committee may decide that participants will receive an amount (in cash or Shares) equal in value to any dividends that would have been paid on the Shares which vest under an Award in respect of record dates which fall during the vesting period (and where relevant, the holding period) or, if the Committee so determines, the period up to the acquisition of the Shares by the participant. This amount may assume the reinvestment of dividends and exclude or include special dividends. These payments will not apply to forfeitable share awards, unless the participant has waived his rights to dividends or unexercised options unless the Committee determines otherwise.

### Cessation of employment

Except in certain circumstances set out below, if a participant ceases to be employed by or to hold office with the Group, he will lose any entitlement to any unpaid Cash Payments and unvested Awards.

However, if a participant's cessation of office or employment is because of his illness, injury or permanent disability, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Committee ("a **Good Leaver Reason**"):

- a) the participant will normally receive a Bonus in respect of the financial year in which the date of cessation occurs (in such proportions of Cash Payments and Awards as the Committee may determine) on the same timetable as if the participant had not ceased to be a Group employee or director. Any such Bonus will, unless the Committee determines otherwise, take into account the proportion of the financial year that has elapsed on the date of cessation; and
- b) any unvested Award will ordinarily continue to vest (and be released from any relevant holding periods) on the date when it would have vested (or been released) as if he had not ceased to be a Group employee or director.

Alternatively, where the participant is ceasing office or employment for a Good Leaver Reason, in circumstances where the Committee considers it appropriate, the Committee may determine that his Bonus should be determined as soon as reasonably practicable after the date of cessation. Any such Bonus will be determined on such basis as the Committee determines and, unless the Committee determines otherwise, take into account the proportion of the financial year that has elapsed on the date of cessation. In these circumstances, any Cash Payment will be paid, and any unvested Awards will vest, as soon as reasonably practicable after cessation of employment. Any vested Awards subject to a holding period may also, at the Committee's discretion, be released from any relevant holding periods.

If a participant dies, his Bonus will be determined as soon as reasonably practicable after the date of death (on the basis set out in the preceding paragraph) and will, unless the Committee determines otherwise, be satisfied as a Cash Payment as soon as reasonably practicable after the date of death. Any Awards the participant held in these circumstances will also vest (and be released from any holding periods) as soon as reasonably practicable after the date of death.

If a participant ceases to hold office or employment for any reason other than summary dismissal whilst holding vested Awards subject to a holding period, those Awards will normally be released from their holding period at the originally set time, unless the Committee determines that they should be released earlier.

Awards structured as nil-cost or nominal cost options may normally be exercised to the extent vested for a period of 12 months (or such other period as the Committee may determine) after vesting or, where relevant, the end of the applicable holding period. Where nil-cost or nominal cost options have already vested (and, where relevant, been released from any applicable holding period) on the date of cessation of office or employment, they may be exercised for a period of 12 months from the date of cessation.

If the participant is summarily dismissed all his Awards (including vested and released Awards) will lapse.

## **Corporate events**

In the event of a change of control of the Company:

- a) any Bonus in respect of the financial year in which the change of control occurs will be determined by the Committee on such basis as it may, in its absolute discretion, determine and will be delivered to the participant in such proportions of Cash Payments and Awards as the Committee may determine. Unless the Committee determines otherwise, the amount of the Bonus will also be reduced to take into account the proportion of the financial year which has elapsed;
- b) any unvested Award will vest; and
- c) Awards subject to a holding period will be released from their holding period.

Alternatively, the Committee may decide that any entitlement to a Bonus and any unvested or unreleased Awards will be exchanged for equivalent awards agreed with the acquiring company.

If other corporate events occur such as a winding-up of the Company, demerger, special dividend or other event which, in the Committee's opinion, may materially affect the value of Shares and the Committee determines it would not be appropriate or practicable to adjust Awards, the Committee may determine that any Bonus may be satisfied and Awards will vest (and be released from any holding periods) on the same basis as for a change of control.

## **Amendments**

The Committee may, at any time, amend the provisions of the AIP in any respect. The prior approval of the Company's shareholders will be obtained in the case of any amendment to the advantage of current or future participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, Awards or Cash Payments, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to this prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the AIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

## **Non-transferability**

Awards are not transferable other than to the participant's personal representatives in the event of his death.

## **Variation of capital**

If there is a variation of share capital of the Company or in the event of a demerger, special dividend or other event which, may materially affect the current or future value of Shares, the Committee may make such adjustments to the number or class of Shares subject to Awards as it may determine.

## **Rights attaching to Shares**

Shares issued and/or transferred under the AIP on the exercise of any option or vesting of a conditional award will not confer any rights on any participant until the participant in question has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

## **Benefits not pensionable**

The benefits received under the AIP are not pensionable.



## APPENDIX 3

### SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED OCADO 2019 SHARES SAVE SCHEME

Set out below is a summary of the principal terms of the updated Ocado 2019 Sharesave Scheme (the “**2019 Sharesave**”), which have been updated to take account of legislative changes and updated investor guidance.

#### Introduction

The 2019 Sharesave is an “all-employee” savings-related share option plan, which is intended to allow options to be granted on a tax-favoured basis approved by HMRC. The 2019 Sharesave’s terms are an updated version of the existing rules of the Ocado Sharesave Scheme.

Under the 2019 Sharesave, the Company or the trustees of the Company’s employee benefit trust will grant options over ordinary shares in the Company (“**Shares**”) to eligible employees. Operation of the 2019 Sharesave will be supervised by the Board.

#### Eligibility

When the 2019 Sharesave is offered, all UK tax-resident employees and full-time directors of the Company and its participating subsidiaries will be invited to participate in the 2019 Sharesave, subject to having been an employee or director for a qualifying period set by the Board in line with the relevant legislation. The Board may also allow any other employee of the Company or the Company’s subsidiaries to take part in the scheme.

#### Savings contract

To obtain an option, an eligible employee must agree to save a fixed monthly amount for three or five years with an approved savings institution. The amount saved will determine the number of Shares over which the option is granted. The monthly contribution which an eligible employee may choose to pay under his savings contract may not exceed the maximum permitted under the relevant legislation (currently £500 a month).

At the end of the three or five year savings contract, employees may either withdraw their savings on a tax-free basis or use their savings to acquire Shares.

#### Timing of invitations

Invitations to apply for options will only be issued within 42 days following the approval of the Plan by shareholders, the announcement of the Company’s results for any period, the announcement of a new Sharesave savings prospectus by HMRC, the announcement of a change in legislation affecting the 2019 Sharesave or when the Board determines that exceptional circumstances exist that justify the grant of options.

Options may not be granted after 1 May 2029.

#### Exercise price

The proceeds of the savings contract can be used to exercise an option to acquire Shares at an exercise price per Share set by the Board at the time of grant which may not be manifestly less than 80% of the market value of a Share.

#### Exercise of options

Ordinarily, an option may be exercised within six months of the date the savings contract matures, after which time it lapses.

#### Dilution limits

In any period of 10 years, not more than 10% of the Company’s issued ordinary share capital may be issued under the 2019 Sharesave and under any other employees’ share scheme adopted by the Company. Shares issued out of treasury under the 2019 Sharesave will count towards this limit for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before the Company’s IPO will not count towards this limit.

#### Cessation of employment

As a general rule, an unvested option will lapse immediately upon a participant ceasing to be employed or hold office within the Group.

However, if a participant ceases to hold office or employment because of injury, disability, redundancy, retirement or his employing company or business being sold out of the Group, his option will not lapse and he may exercise it in the period of six months starting on the day after the date his office or employment ends.

If a person dies before his option matures, his option may be exercised by his personal representatives during the period of 12 months after his death.



**Corporate events**

In the event of a change of control or winding up of the Company, any outstanding options may be exercised early. Alternatively, if the acquiring company agrees, options may be exchanged for equivalent options over shares of a different company (including the acquiring company).

**Amendments**

The Board may, at any time, amend the provisions of the 2019 Sharesave in any respect. The prior approval of the Company's shareholders will be obtained in the case of any amendment to the advantage of current or future participants which is made to the provisions relating to eligibility, individual or overall limits, the terms of options, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to this prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the 2019 Sharesave, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

**Non-transferability**

Awards are not transferable other than to the participant's personal representatives in the event of his death.

**Variation of capital**

If there is a variation of share capital of the Company, the Board may make such adjustments to the number of Shares subject to an option and/or the exercise price applicable to an option as it may determine.

**Rights attaching to Shares**

Shares issued and/or transferred under the 2019 Sharesave on the exercise of any option will not confer any rights on any participant until the participant in question has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue at the date of exercise (except for rights arising by reference to a record date prior to the date of such exercise).

**Benefits not pensionable**

The benefits received under the 2019 Sharesave are not pensionable.

## APPENDIX 4

### SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED OCADO 2019 EXECUTIVE SHARE OPTION SCHEME

Set out below is a summary of the principal terms of the updated Ocado 2019 Executive Share Option Scheme (the “**2019 ESOS**”), which have been updated to take account of legislative changes and updated investor guidance.

#### Introduction

The 2019 ESOS is a company share option plan, which is intended to allow options to be granted on a tax-favoured basis approved by HMRC, subject to the limit set by HMRC described below. Options may also be granted (without such tax benefits) above this limit. The 2019 ESOS's terms are an updated version of the existing rules of the Ocado 2014 Executive Share Option Scheme.

Under the 2019 ESOS, the Company or the trustees of the Company's employee benefit trust may grant options over ordinary shares in the Company (“**Shares**”) to eligible employees. The eligible employees to whom options are granted and the terms of such options will be determined by the Board.

#### Eligibility

All executive directors and employees of the Company and its subsidiaries will technically be eligible, at the Board's discretion, to participate in the 2019 ESOS. The Remuneration Committee must consent to granting the Company's executive directors options and there is no current intention to grant options to executive directors under the 2019 ESOS.

#### Grant of options

Except in exceptional circumstances, options may only be granted in the 42 days following an announcement of the Company's results. Options may not be granted after 1 May 2029.

#### Exercise price

The exercise price of options will be set when an option is granted. The exercise price of an option may not be less than the market value of a Share on the date of grant.

#### Dilution limits

In any period of 10 years, not more than 10% of the Company's issued ordinary share capital may be issued under the 2019 ESOS and under any other employees' share scheme adopted by the Company. In the same period, no more than 5% of the Company's issued ordinary share capital may be issued under the 2019 ESOS and any other discretionary employees' share scheme adopted by the Company. Shares issued out of treasury under the 2019 ESOS will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before the Company's IPO will not count towards these limits.

Except in exceptional circumstances, no participant may be granted in any financial year of the Company options under the 2019 ESOS over Shares with a market value (as determined by the Board) of more than 300% of his basic salary.

HMRC-approved options may not be granted under the 2019 ESOS to any employee if, as a result, the aggregate market value of Shares subject to outstanding options granted to him under the 2019 ESOS, or any other tax-favoured share option scheme (other than a savings-related share option scheme) established by the Company or an associated company, would exceed £30,000 (or such other limit as may be specified in the tax legislation).

#### Performance conditions

The Board may impose a performance condition on the vesting of an option. Any performance condition will generally be measured over a period of at least three years.

The Board may substitute, vary or waive any performance condition (if it considers that the condition is no longer appropriate) in such manner as is reasonable in the circumstances, produces a fairer measure of performance and is neither materially more nor less difficult to satisfy.

#### Exercise of options

Options may normally be exercised from the third anniversary of the date of grant (to the extent vested) until the tenth anniversary of grant.

#### Cessation of employment

As a general rule, an unvested option will lapse immediately upon a participant ceasing to be employed within the Group.

However, if a participant ceases to be employed because of his injury, disability, redundancy or retirement, the participant's employing company or business being sold out of the Group or for any other reason determined by the Board, his option may be exercised for a period of 12 months from the cessation of his employment. Options granted prior to 1 May 2019 may in these circumstances be exercised at any time during the period ending on the later of 12 months after the cessation of his employment and 42 months after the relevant date of grant.

If a person dies, his option may be exercised by his personal representatives during the period of 12 months after his death (or 36 months in the case of an option granted prior to 1 May 2019).

Any exercise of an option in these circumstances will be subject to the satisfaction of any relevant performance condition. The extent to which an option may be exercised, will also, unless the Board determines otherwise, be reduced to reflect the proportion of the performance period (or, if the option is not subject to a performance condition, the vesting period) that has elapsed on the date of cessation.

#### **Malus and clawback**

The Committee may, in its absolute discretion, invoke malus and/or clawback provisions in respect of any option (other than an HMRC-approved option) granted on or after 1 May 2019 within five years of the date an option is granted if the Committee determines there have been exceptional circumstances. These circumstances may include (without limitation):

- a) a material misstatement in the published results of the Group or a member of the Group;
- b) the assessment of any applicable performance condition or the calculation of the number of Shares subject to an option being based on an error or inaccurate or misleading information;
- c) employee misconduct;
- d) the Board determining that the participant has caused a material loss for the Group as a result of reckless, negligent or wilful actions or omissions or inappropriate values or behaviour;
- e) a member of the Group is censured by a regulatory body or suffers a significant detrimental impact to its reputation, for which the participant was responsible or had management oversight; and
- f) the Company or a material proportion of the Group suffering insolvency or a similar corporate failure.

Under these provisions, the Committee may reduce the number of Shares subject to, and/or impose additional conditions on, an option or require the participant to return some or all of the value of the Shares received under the option.

#### **Corporate events**

In the event of a change of control or winding up of the Company, any outstanding options may be exercised early. Alternatively, if the acquiring company agrees, options may be exchanged for equivalent options over shares of a different company (including the acquiring company).

Any exercise of an option in these circumstances will be subject to the satisfaction of any relevant performance condition. The extent to which an option may be exercised, will also, unless the Board determines otherwise, be reduced to reflect the proportion of the performance period (or, if the option is not subject to a performance condition, the vesting period) that has elapsed on the date of the relevant event.

#### **Amendments**

The Board may, at any time, amend the provisions of the 2019 ESOS in any respect. The prior approval of the Company's shareholders will be obtained in the case of any amendment to the advantage of current or future participants which is made to the provisions relating to eligibility, individual or overall limits, the terms of options, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to this prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the 2019 ESOS, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

#### **Non-transferability**

Awards are not transferable other than to the participant's personal representatives in the event of his death.

#### **Variation of capital**

If there is a variation of share capital of the Company, the Board may make such adjustments to the number of Shares subject to an option and/or the exercise price applicable to an option as it may determine.

#### **Rights attaching to Shares**

Shares issued and/or transferred under the 2019 ESOS on the exercise of any option will not confer any rights on any participant until the participant in question has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue at the date of exercise (except for rights arising by reference to a record date prior to the date of such exercise).

#### **Benefits not pensionable**

Benefits received under the 2019 ESOS are not pensionable.

## APPENDIX 5

### LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE REGARDING THE DIRECTORS' REMUNERATION POLICY

Dear Shareholder,

#### Introduction

I am writing to you in my capacity as Chairman of the Remuneration Committee of the Company ("the Committee"). In this letter and the attached schedules I have set out the background, a summary of the terms and conditions and rationale behind the proposed new incentive plans.

The Committee has taken on board the feedback received from shareholders in previous years on matters related to remuneration and governance. Now, with the Company share price having increased by 129% from December 2017 to December 2018 and the Company in the FTSE 100, we recognise that it is even more important that this is reflected in the Company's new Directors' Remuneration Policy. Consequently, we are proposing a number of changes to the type and operation of incentive plans operated by the Company. In addition, the Committee has taken the opportunity to update the Directors' Remuneration Policy for developments in best practice, including the revisions to the UK Corporate Governance Code published in July 2018.

The full Directors' Remuneration Policy (the "2019 Policy") can be found in the 2018 Annual Report & Accounts on pages 107 to 129.

#### Background

##### *History of Ocado and recent remuneration challenges*

Ocado has been through substantial growth and development since it was founded in 2000. Through a mixture of innovation, differentiation and multiple partnerships it has grown to be a successful, entrepreneurially led business which entered the FTSE 100 this year. The executive team, led by founder Chief Executive Officer Tim Steiner, is highly entrepreneurial, as evidenced by the history of the Company and particularly the numerous deals over recent years, including those with Morrisons, Casino, Sobeys, Kroger and ICA.

The majority of the executive team is long-established – Neill Abrams, Group General Counsel, has been part of Ocado since it was founded in 2000 alongside Tim Steiner, with the Chief Financial Officer Duncan Tatton-Brown and the Chief Operating Officer Mark Richardson having joined the Board in 2012 (with Mark having joined the Company in 2001) – and all, along with the most recently appointed Director Luke Jensen, Chief Executive Officer, Ocado Solutions, have been of paramount importance to the Company's success to date. In the highly competitive global market for talent, the Board is keen to retain the services of Tim Steiner and the executive team and incentivise them to continue to deliver the strategy of the Company, transform Ocado into a leading international company and further significantly enhance shareholder value over the long term.

Since the Company's IPO in 2010, the Committee has implemented remuneration structures for the executive team, including an annual bonus, long-term incentive plan (the "LTIP") and other share plans. In 2014 the Committee implemented a one-off five year Growth Incentive Plan (the "GIP") to incentivise a focus on delivery of exceptional growth and returns to shareholders over the long term. The GIP has been successful in incentivising management to deliver the share price growth experienced in the last year. Payouts under the GIP are dependent solely on Ocado's share price growth relative to the FTSE 100 over the five year performance period ending in May 2019. The proposed Value Creation Plan (described below) serves a similar purpose to the GIP while delivering some structural improvements. The GIP was effectively "underwater" for four of the five performance years and therefore potentially ineffective as an incentive and retention arrangement for this period.

The Committee also faces the challenge that strategic implementation within Ocado is not linear and as such, setting three year targets under the LTIP proved significantly challenging. This complexity along with the commercial sensitivity of some of the plan targets meant that the Committee has, in the past, faced criticism from shareholders and advisory bodies where targets were not disclosed in sufficient detail.

It is the view of the Board that the key measure of the success of the implementation of the Company's strategy over the next period remains the generation of substantial and sustained total shareholder return. The Committee has worked hard to formulate incentive plans that drive exceptional, sustainable growth and reward short-term operational and strategic decisions, while addressing the drawbacks of the long-term plans used historically.

#### How the Committee intends to address these challenges

The Committee believes that the proposed changes to the 2019 Policy successfully address the challenges set out above and will achieve the goal of motivating and retaining the executive directors.

The first major change proposed is the introduction of the Value Creation Plan (the “VCP”) a one-off plan:

- a) The VCP does not require the Committee to set financial targets at the point of grant, as the VCP measures output through share price performance and any potential dividends;
- b) While the GIP is on track to pay out in 2019, due to its point-to-point measurement its outcome is very binary. It was effectively “underwater” for four of the five performance years and therefore potentially demotivational over this time. By contrast, performance under the VCP is measured both annually and over the performance period of awards, thereby incentivising sustained growth over each year of the performance period;
- c) There is a direct alignment between shareholders’ and executive directors’ interests with the benefit received by the executive directors being proportionate to the return received by shareholders. In addition, the VCP directly supports the Board’s view that the key output of the effective implementation of the Company’s strategy is substantial and sustained total shareholder return;
- d) If the Company achieves a return of 10% compound annual growth rate over the performance period of awards (equivalent to, for example about £1.9 billion over the first three years), the executive directors will receive no benefit under the VCP. There is, therefore, a substantial risk that where performance has been very strong but not exceptional, the executive directors will not benefit. However, this is balanced by the potential for a higher level of reward when stretching levels of return are achieved;
- e) The single total shareholder return performance measure of the VCP enables the Committee to be fully transparent about targets and performance against them;
- f) There is no requirement to adjust the parameters of the VCP once set if the strategy changes. The VCP simply reflects whether over the period the implementation of the strategy results in substantial and sustained levels of total shareholder return;
- g) The VCP meets one of the Committee’s objectives of incentivising and retaining a highly entrepreneurial management team;
- h) The cap on annual vesting (£20 million for the Chief Executive Officer, with a proportionate limit for other executive directors), where the excess is rolled forward and eligible to vest in future years, means the greater the Company performance and corresponding increase in the value awarded to the executive directors, the longer the period before they will receive all the earned value. This provides an ongoing locked-in shareholding and alignment with shareholders (which is illustrated in the modelling in Schedule 2); and
- i) The Committee will reduce VCP vesting levels if it believes they are not reflective of underlying business or personal performance (or to take into account such other factors as the Committee considers appropriate). As part of this consideration, the Committee will consider the operational and strategic performance under the AIP each year when calculating VCP banked share awards and on vesting.

The Committee believes that the best remuneration vehicle to operate alongside the VCP is a new Annual Incentive Plan (the “AIP”), to replace the current annual bonus arrangements and the LTIP for the following reasons:

- a) The issues associated with choosing meaningful three year strategically aligned performance measures and the commercial sensitivity of long-term targets, which have prevented the Committee from being fully transparent about remuneration arrangements to date, have led some stakeholders to comment that the LTIP is not satisfactory;
- b) It is easier to set meaningful and robust one-year annual performance targets under the AIP, which can be disclosed retrospectively in line with best practice;
- c) For executive directors, in line with the 2019 Policy, the new AIP will have a “three plus two” structure similar to a long-term incentive plan, whereby the deferred shares will normally vest after three years and are normally subject to a further two year holding period. This is in line with the new UK Corporate Governance Code 2018 which states that shares should be subject to a five year vesting/holding period in order to align management’s interests with shareholders’;
- d) Management will therefore remain incentivised to meet financial and operational targets with the prospect of being remunerated in both cash and deferred shares;
- e) For the first AIP awards, there will be four measures:
  - Retail Revenue (20%): reported revenue for the retail segment of the Group;
  - Retail Profitability (20%): reported EBITDA for the retail segment of the Group;
  - Solutions Commitments (40%): number of new commitments from Solutions partners for the Ocado Smart Platform, weighted according to a pre-determined scale linked to the size of the commitment; and
  - Operational and strategic objectives (20%): for each executive director.
- f) As set out in the 2019 Policy, there will be a cap on the maximum amount of AIP awards earned by executive directors that can be paid out in cash to further ensure alignment with shareholders.

### Summary of Proposed Changes to 2019 Policy

The following key changes are proposed for the 2019 Policy:

- The introduction of the VCP on the expiry of the GIP.
  - For the VCP the performance conditions and targets will be set and disclosed on the date of grant.
- The replacement of the LTIP and current annual bonus arrangements with a new AIP.
  - Full disclosure of incentive targets and outcomes. For the AIP, details of performance measures will be provided in advance of the year to which they relate and full details of objectives set and outcomes at the end of the performance period.
- The increase of the minimum shareholding requirement to 400% of salary for the Chief Executive Officer and 300% for other Executive Directors.
- The introduction of a post-cessation of employment shareholding requirement of 100% of the pre-cessation shareholding requirement (that is, 400% of salary for the CEO and 300% for other Executive Directors) for 12 months from leaving.
- The reduction of the maximum Director pension contribution under the Policy from 30% to up to 8% of salary to be in line with the current rate offered to the Executive Directors and to better align with all employees.

A summary of the alignment of the 2019 Policy with the requirements under the UK Corporate Governance Code 2018 and further rationale for the changes to the 2019 Policy can be found on page 112 of the 2018 Annual Report and Accounts.

### Shareholder Consultation

In preparing the 2019 Policy, the Company carried out an extensive shareholder consultation exercise with its largest shareholders and representative bodies to seek feedback on the main changes proposed.

We were pleased with the support most of the largest shareholders gave to the proposals, in particular the recognition of the challenges the Committee faces in setting Director remuneration at Ocado, and the understanding of the rationale for the main changes proposed. In finalising the proposals, we carefully considered shareholder feedback received to date, in particular the feedback on the proposed one-off VCP. The Remuneration Committee made some changes to the proposals in response. Full details of the consultation and changes made are provided in the Directors' Remuneration Report set out on pages 82 to 129 of the 2018 Annual Report and Accounts.

At the end of the consultation, we understand that the majority of shareholders consulted were supportive of the AIP, VCP and the 2019 Policy.

The Board believes that the proposed AIP, VCP and 2019 Policy are in the best interests of shareholders, and recommend that shareholders vote in favour of the Resolutions.

Yours faithfully



**Andrew Harrison**

*Chairman of the Remuneration Committee  
Ocado Group plc*

## Schedule 1 – Overview of the New Incentive Plans

### New Annual Incentive Plan

- Simplification of current remuneration through the replacement of the LTIP and AIP with a single new AIP, leading to an overall reduction in total annual variable remuneration opportunity (excluding the GIP).
- The Committee recognises that short-term incentives (albeit with a large portion of deferral) have a greater perceived value to participants, as the performance period is shorter, giving greater certainty of value sooner compared to the LTIP. For this reason, the proposed annual opportunity has been reduced, with the calculation set out below:

Executive Director	Current AIP (% of salary)	Current LTIP (% of salary)	Current total incentive opportunity (% of salary)	Proposed AIP (% of salary)*
CEO	125%	200%	325%	275%
CFO, COO, CEO of Solutions	100%	150%	250%	215%
GC	100%	120%	220%	190%

\* Current AIP maximum plus 75% of the LTIP maximum to reflect discount for shorter period.

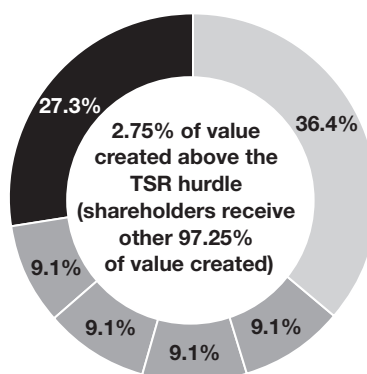
- Under the 2019 Policy, mandatory deferral of at least 50% of any AIP awards earned by Executive Directors into shares (regardless of shareholding) will be required.
- These deferred shares will normally vest three years after grant and normally will be subject to a further two year holding period during which they cannot be sold.
- Up to 50% of Executive Directors' AIP awards may be paid in cash, with a cap on the maximum amount that can be paid in cash of 100% of salary.
- In order to improve disclosure and ensure transparency, AIP performance measures for Executive Directors will be disclosed in advance. In addition, targets will be disclosed in full against performance when disclosing outcomes. Detail will be provided on operational and strategic objective outcomes.
- The incorporation of discretion to amend performance measures and targets on an annual basis enables the Committee to focus individuals' attention on targets that remain the most appropriate.

### New Value Creation Plan

Incentive Pot Distribution (2.75% of value created above the TSR hurdle):

**Unallocated for potential future participants**  
0.75% of value above the hurdle

**Current Executive Directors  
(CFO, COO, GC, CEO of Ocado Solutions)**  
0.25% of value above the hurdle each

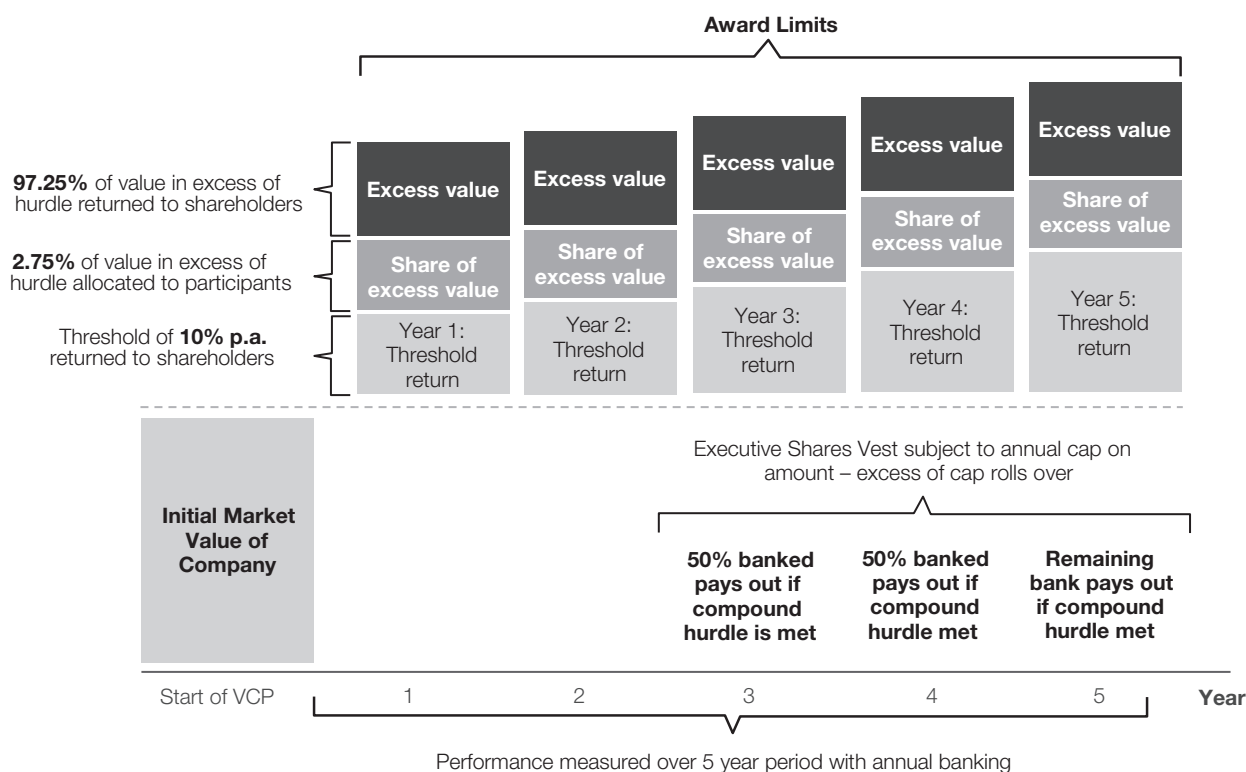


**CEO**  
1.00% of value above the hurdle



## VCP Operation

The following diagram sets out an overview of the operation of the VCP:



## VCP Summary

Introduction of the VCP to follow the expiry of the GIP with the following key terms:

- Participants are granted the right to earn share awards based on the absolute total shareholder return generated over the VCP period;
- Participants receive the opportunity to share in a proportion of the total value created for shareholders above a hurdle at the end of each year over a five-year VCP period;
- At the end of each year, up to 2.75% of the value created above the hurdle will be “banked” and will be released in line with the vesting schedule. 1.00% will be allocated to the Chief Executive Officer and 0.25% for each other executive director. The remaining amount is unallocated for potential future participants;
- The hurdle will be the higher of the previous highest share price at point of measurement and the initial price (the average of the 30 days prior to the approval of the plan) compounded by 10% p.a. If value created does not exceed the hurdle, nothing will be “banked”;
- The vesting schedule provides that 50% of the cumulative number of share awards earned will vest at the end of the third year, with 50% of the cumulative balance vesting at the end of the fourth year and 100% of the cumulative number of remaining awards normally vesting at the end of the fifth year. At each vesting date, the vesting of awards is subject to a minimum total shareholder return underpin of 10% compound annual growth rate being maintained up to the point of vesting and an annual cap on vesting of £20 million for the CEO and an amount for the other executive directors proportionate to the percentage sharing rate. Any excess awards due to vest above the cap are rolled forward and allowed to vest in subsequent years (still subject to the cap);
- The Committee will reduce VCP vesting levels if it believes they are not reflective of underlying business or personal performance (or to take into account such other factors as the Committee considers appropriate). As part of this consideration, the Committee will consider the operational and strategic performance under the AIP each year when calculating the VCP banked share awards and on vesting.

More detail on the operation of the VCP is set out in Appendix 1 to this Notice.

## Schedule 2 – Illustrative Modelling of the VCP

The “Initial Price” will be the average Company share price over the 30 day period prior to the Annual General Meeting. This is the starting point from which total shareholder return is measured under the VCP.

The Threshold Total Shareholder Return (“Threshold TSR”) for Plan Year 1 is 10% above the Initial Price.



The Measurement Total Shareholder Return ("Measurement TSR") is calculated by taking the 30 day average of the share price following the announcement of the Company's results for the relevant financial year and adding to it any dividends payable in respect of that year.

The Threshold Total Shareholder Return which has to be exceeded before additional awards can be earned by Participants at the end of Plan Year 2 is the higher of:

- a) The highest previous Measurement Total Shareholder Return; and
- b) The Initial Price compounded by 10% p.a.

The participant's share of the value created is the difference between the Threshold TSR and Measurement TSR multiplied by their allocated share. 1.00% will be allocated to the CEO and 0.25% for each other executive director. The remaining is unallocated for potential future participants.

The table below illustrates the payouts from the VCP to the CEO, for an example set of Measurement TSR's and an Initial Price of £8.50.

Threshold TSR	Measurement TSR	Value Accrued to CEO
Year 1	Year 1	$(£11.00 - £9.35) \times 1.00\% = £0.0165$ per share
Initial Price £8.50	Measurement Price	$\times 698.29\text{m}$ (number of shares in issue)
Threshold TSR = $£8.50 \times (1 + 10\%)$ <b>= £9.35</b>	£11.00	$= £11,521,818$ $= (£11,521,818 / £11.00) = 1,047,438$ share awards banked
Year 2: Higher of: 1. $£8.50 \times (1 + 10\%)^2 = £10.29$ 2. <b>£11.00</b>	Year 2 Measurement Price £12.00	$(£12.00 - £11.00) \times 1.00\% = £0.01$ per share $\times 698.29\text{m}$ (number of shares in issue) $= £6,982,920$ $= (£6,982,920 / £12.00) = 581,910$ share awards banked <b>Year 2 cumulative balance of banked share awards: (1,047,438 + 581,910) = 1,629,348</b>
Year 3: Higher of: 1. $£8.50 \times (1 + 10\%)^3 = £11.31$ 2. <b>£12.00</b>	Year 3 Measurement Price £11.75	No additional value accrued as below the higher of the highest previous measurement price. 50% of the cumulative balance vests because the aggregate Threshold TSR has been achieved over the 3 years (£11.31):- $= 1,629,348 \times 50\% = 814,674$ share awards vest <b>Year 3 cumulative balance of banked share awards: 814,674</b>
Year 4: Higher of: 1. $£8.50 \times (1 + 10\%)^4 = £12.44$ 2. £12.00	Year 4 Measurement Price £13.50	$(£13.50 - £12.44) \times 1.00\% = £0.01055$ per share $\times 698.29\text{m}$ (number of shares in issue) $= £7,368,028$ $= (£7,368,028 / £13.50) = 545,780$ share awards banked 50% of the cumulative balance vests because the aggregate Threshold TSR has been achieved over the 4 years (£12.44): $= (814,674 \text{ (balance from Year 3)} + 545,780) \times 50\% = 680,227$ share awards vest <b>Year 4 cumulative balance of banked share awards: 680,227</b>
Year 5: Higher of: 1. $£8.50 \times (1 + 10\%)^5 = £13.69$ 2. £13.50	Year 5 Measurement Price £16.00	$(£16.00 - £13.69) \times 1.00\% = £0.02311$ per share $\times 698.29\text{m}$ (number of shares in issue) $= £16,135,189$ $= (£16,135,189 / £16.00) = 1,008,449$ share awards banked The remainder of the cumulative balance vests because the aggregate Threshold TSR has been achieved over the 5 years (£13.69):- $= (680,227 + 1,008,449) = 1,688,676$ share awards vest pre cap However there is a maximum cap of £20m on the value of awards that can vest in any year. 1,688,676 share awards equates to £27,018,820 which exceeds the £20m cap, therefore <b>1,250,000 share awards vest post cap</b> and <b>(1,688,676 – 1,250,000) = 438,676 share awards are rolled forward</b>
Year 6: No further performance criteria	Year 6: Measurement Price £16.00	The balance of rolled forward share awards, being 438,676, which have a value of £7,018,820. Rolled forward share awards are not subject to performance conditions or the underpin, but are subject to the £20m cap. Since £7,018,820 is less than the £20m cap, all <b>438,676 rolled forward share awards vest.</b>

To illustrate the impact of the proposed VCP, the following table shows the benefits of the VCP for various total shareholder return assumptions based on an Initial Price of £8.50.

Scenario 1 assumes 10% p.a. TSR growth, Scenario 2: 12% p.a. and Scenario 3: 14.9% p.a. (equivalent to doubling the value of the Company over 5 years).

<b>Scenario 1: 10% p.a.</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>Market Cap (£m)</b>	5,935	6,529	7,182	7,900	8,690	9,559	9,559	9,559	n/a
<b>Market Cap created in year (£m)</b>	-	594	653	718	790	869	-	-	3,624
<b>Total Payout (£m)</b>	-	0.00	0.00	0.00	0.00	0.00	-	-	0.00
<b>Dilution in year under the VCP</b>	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	0.00%
<b>CEO # awards awarded</b>	-	0	0	0	0	0	-	-	0
<b>CEO # awards vesting</b>	-	0	0	0	0	0	0	0	0
<b>CEO # awards rolled forwards</b>	-	0	0	0	0	0	0	0	n/a
<b>CEO payout (£m)</b>	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other EDs' payout (£m)</b>	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<b>Scenario 2: 12% p.a.</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>Market Cap (£m)</b>	5,935	6,648	7,445	8,339	9,340	10,460	10,460	10,460	n/a
<b>Market Cap created in year (£m)</b>	-	712	798	893	1,001	1,121	-	-	4,525
<b>Total Payout (£m)</b>	-	3.26	7.25	12.07	17.86	24.78	-	-	65.22
<b>Dilution in year</b>	-	0.05%	0.10%	0.14%	0.19%	0.24%	-	-	0.72%
<b>CEO # awards awarded</b>	-	124,695	247,163	367,445	485,578	601,602	-	-	1,826,483
<b>CEO # awards vesting</b>	-	0	0	369,651	427,615	1,029,217	0	0	1,826,483
<b>CEO # awards rolled forwards</b>	-	0	0	0	0	0	0	0	n/a
<b>CEO payout (£m)</b>	-	0.00	0.00	4.41	5.72	15.42	0.00	0.00	25.55
<b>Other EDs' payout (£m)</b>	-	0.00	0.00	1.10	1.43	3.85	0.00	0.00	6.39

<b>Scenario 3: 14.9% p.a.</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>Market Cap (£m)</b>	5,935	6,818	7,832	8,997	10,334	11,871	11,871	11,871	n/a
<b>Market Cap created in year (£m)</b>	-	883	1,014	1,165	1,338	1,537	-	-	5,935
<b>Total Payout (£m)</b>	-	7.95	17.87	30.15	36.79	42.26	-	-	135.02
<b>Dilution in year</b>	-	0.12%	0.23%	0.34%	0.36%	0.36%	-	-	1.39%
<b>CEO # awards awarded</b>	-	296,037	579,523	850,991	903,935	903,935	-	-	3,534,420
<b>CEO # awards vesting</b>	-	0	0	863,275	883,605	1,176,471	611,070	0	3,534,420
<b>CEO # awards rolled forwards</b>	-	0	0	0	0	611,070	0	0	n/a
<b>CEO payout (£m)</b>	-	0.00	0.00	11.12	13.08	20.00	10.39	0.00	54.59
<b>Other EDs' payout (£m)</b>	-	0.00	0.00	2.78	3.27	5.00	2.60	0.00	13.65