

# Chairman's Governance Overview



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**Lord Rose**  
Chairman

## Governance Highlights

- Luke Jensen joined the Board in March 2018 as an Executive Director.
- Julie Southern joined the Board in September 2018 as an independent Non-Executive Director and Chairman-elect of the Audit Committee.
- A review of the 2019 Directors' Remuneration Policy completed by the Remuneration Committee, to be approved by shareholders at the 2019 Annual General Meeting.
- A review of the UK Corporate Governance Code 2018, with steps taken towards full compliance prior to it applying to Ocado.

## Dear Shareholder

I am pleased to introduce the Corporate Governance Statement outlining the Company's approach to corporate governance.

The Ocado Board has long been mindful of the importance of good corporate governance and the role it plays in supporting the long-term success and sustainability of the business. We are reporting against the UK Corporate Governance Code 2016 (the "Code") for this report. We welcomed the publication of the new UK Corporate Governance Code 2018 (the "2018 Code") by the Financial Reporting Council. We are preparing for the implementation of the 2018 Code and while this Annual Report provides some additional information on engagement and other issues, we expect to report in more detail on these matters when the new reporting requirements apply to Ocado in the next financial year.

## Remuneration and Engagement With Shareholders

Our Executive Director remuneration arrangements are designed to incentivise and support the achievement of our business objectives and sustain long-term value for shareholders. As the Group's strategy and development evolves, we expect to continue to engage with our shareholders on changes to the executive remuneration arrangements.

The Remuneration Committee oversees the Directors' Remuneration Policy and this year has made a number of significant changes to it in order to further align it with best practice from a corporate governance perspective and with shareholder expectations. The new 2019 Directors' Remuneration Policy (the "2019 Policy") will be put to shareholders at the Annual General Meeting on 1 May 2019 (the "AGM"). The 2019 Policy has been simplified but retains its emphasis on long-term incentives and rewarding long-term outperformance in the value of the Group relative to the FTSE. Further detail and the 2019 Policy can be found in the Directors' Remuneration Report on pages 82 to 129.

## Accountability and Risk

The Board formally reviews the Group's risk appetite annually and periodically discusses principal risks facing the Group and appropriate controls. Risk identification, controls and cost-benefit analysis regularly form part of the Board's deliberations on strategic decisions. Monitoring the Group's risk and assurance systems is important. In line with the new 2018 Code requirements, the Board approved a refreshed whistleblowing policy and process for the Group. For more information about how the Company manages risk please see pages 44 to 49.

## Leadership and Board Effectiveness

The Board needs to ensure that we have the right people and leadership in our Group to support the strategy and plans of the Group. As well as reviewing management succession plans, the Board has considered Board composition and the existing and desired skill sets of the Board. This important piece of work continues to form the basis of Board discussions in 2019 as we consider the make-up of the Board that will best support the Company as it moves into the next stage of development. In response to the 2018 Code, the terms of reference of the Nomination Committee were broadened to include oversight of the development of a diverse pipeline for succession to the Board.

**Lord Rose**  
Chairman  
5 February 2019