

REMUNERATION POLICY

LINK BETWEEN REMUNERATION AND STRATEGY

Our executive remuneration policy has been designed to support our Group strategy:

- Reward philosophy – Our reward philosophy is that remuneration arrangements should be set at a level that is considered by the Remuneration Committee to be sufficient to recruit and retain individuals of the calibre required to run the business without paying more than is necessary to do so.
- Alignment with our business strategy – Remuneration structures are designed to support the business strategy with the majority of the remuneration package being linked to the delivery of performance, paid in a combination of cash and shares. Short-term and long-term performance measures have been selected to be aligned with the delivery of our business strategy. Market conditions are also taken into consideration when setting pay.
- Alignment with shareholders – Variable remuneration opportunity is generally delivered through the Company's long-term share incentive plans and the cash annual bonus. The Committee operates a shareholding guideline policy for executive directors which aligns the interests of executives with our shareholders and demonstrates the executives' ongoing commitment to the business.

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS

The table below sets out a summary of our remuneration policy for executive directors. This policy was approved by shareholders at the AGM on 9 December 2014 and took effect from that date.

Element	Purpose and link to strategy	Key features/operation	What is the maximum potential value?	Performance metrics
Base salary	<ul style="list-style-type: none"> • Supports the recruitment and retention of executive directors of the calibre required to fulfil the role without paying more than is considered necessary to do so • Rewards executives for the performance of their role 	<ul style="list-style-type: none"> • Paid in cash • Normally reviewed annually with effect from 1 April but may be reviewed more or less frequently at the Committee's discretion • In determining base salaries, the Committee considers: <ul style="list-style-type: none"> • Pay levels at companies of a similar size and complexity and other FTSE 350 retailers • External market conditions • Pay and conditions elsewhere in the Group • The individual's skills, knowledge and experience 	<ul style="list-style-type: none"> • Whilst there is no defined maximum salary, any base salary increases will normally be in line with the increases awarded to other employees of the Group • However, increases may be made outside of this policy in exceptional circumstances, such as: <ul style="list-style-type: none"> • Where a director is appointed on a salary that is at the lower end of the market practice range, larger increases may be awarded as the executive gains experience to move the salary closer to a more typical market level • Where there has been a change in the responsibility and accountability of the role • Where there has been a significant change in market practice • Details of current salary levels are set out in the annual report on remuneration 	None
Pension	<ul style="list-style-type: none"> • Provides funds to allow executives to save for retirement • Provides a market competitive retirement benefit • Incentive and retention tool 	<ul style="list-style-type: none"> • In determining pension arrangements, the Committee takes into account relevant market practice and practice throughout the Group • Executive directors are generally provided a cash allowance in lieu of a pension provision or a contribution to a defined contribution pension scheme • However, the Committee may determine that alternative pension provisions will operate for new appointments to the board if considered appropriate. If an alternative pension arrangement is provided, this will generally be of a 	<ul style="list-style-type: none"> • The Chief Executive's annual cash pension allowance is 20% of base salary • The annual pension contribution for the Chief Financial Officer is 15% of base salary • The Group Trading Director's annual pension allowance increases based on her pensionable years' service and age. The allowance is currently 17% of base salary increasing to 18% upon 20 years' pensionable service 	None

		<p>similar level to current arrangements</p> <ul style="list-style-type: none"> The Chief Executive is a deferred member of the Debenhams Executive Pension Plan and the Group Trading Director continues to be a deferred member in service of the Debenhams Executive Pension Plan 	<p>and to 23% at age 50. The maximum annual allowance of 28% of base salary is payable from age 55</p> <ul style="list-style-type: none"> The Chief Executive ceased to accrue benefits under the Debenhams Executive Pension Plan in 2006 The Group Trading Director continues to be a deferred member in service of the Debenhams Executive Pension Plan. The plan ceased for future service accruals in 2006 	
Benefits	<ul style="list-style-type: none"> To provide a market competitive level of benefits for executive directors 	<ul style="list-style-type: none"> Executive directors have a benefits allowance which can be used to fund a range of benefits. The wider management population also receive a cash benefits allowance Executive directors may participate in any all-employee share plans which may be operated by the Company on the same terms as other employees Executive directors receive life assurance and an annual health assessment. The Chief Executive also receives a financial planning allowance, travel allowance and a fuel allowance Executive directors may also buy or sell a week's holiday with the approval of the Committee Executive directors are eligible to receive a staff discount in line with other senior executives The Committee may determine that executive directors should receive additional reasonable benefits if appropriate, taking into account typical market practice Executive directors may be reimbursed for all reasonable expenses and the Company may settle the tax incurred in relation to these Where an executive director is required to relocate to perform their role, they may be provided with reasonable benefits as determined by the Committee in connection with this relocation (on either a one-off or ongoing basis), including any expatriate benefits such as housing, travel or education allowances 	<ul style="list-style-type: none"> The overall value of benefits will depend on the individual's circumstances and the cost of providing them by the Company and therefore there is no maximum. However, the executive directors' participation in any all-employee share plans will be in line with relevant statutory limits It is the Committee's policy to provide benefits at a market competitive level taking into account local market practice in the location in which the executive director operates 	None
Annual bonus	<ul style="list-style-type: none"> Rewards and incentivises the achievement of annual objectives which are aligned with key financial and strategic goals and supports the enhancement of shareholder value 	<ul style="list-style-type: none"> Unless otherwise determined by the Committee, bonuses are paid in cash following the year end Bonuses are not pensionable Malus provisions apply Bonuses are based on annual performance targets The Committee retains the discretion to adjust the bonus award if it does not consider that it reflects underlying Company performance but may not exceed the maximum policy limit 	<ul style="list-style-type: none"> Maximum opportunity of 100% of base salary The bonus starts accruing from threshold levels of performance 	<ul style="list-style-type: none"> The Committee determines appropriate performance metrics to support the annual business strategy, external expectations and the enhancement of shareholder value on an annual basis Typically, 100% of the bonus will be based on financial performance targets. However, the Committee retains the discretion to alter the performance measures for future bonuses if deemed appropriate including the introduction of non-financial measures. In such cases

				<p>at least 80% of the bonus will be based on financial performance targets</p> <ul style="list-style-type: none"> Further information in relation to the performance measures is set out in the annual report on remuneration
<p>Performance Share Plan ("PSP")</p>	<ul style="list-style-type: none"> Incentivises executives to achieve Debenhams' long-term strategy and create sustainable shareholder value Aligns with shareholder interests through the delivery of shares Acts as a retention tool 	<ul style="list-style-type: none"> Awards normally vest based on performance assessed over a period not shorter than three years Awards may only vest to the extent the Committee is satisfied that the underlying financial performance of the Company over the relevant performance period justifies vesting. The Committee may also decrease the final vesting level if it does not consider that it reflects the underlying performance of the Company Awards can be in the form of free shares or 0.01 pence options. Where awards are in the form of 0.01 pence options, participants may have up to six months from vesting to exercise awards Malus provisions apply Awards may incorporate the right to receive (in cash or shares) the value of the dividends that would have been paid on the shares that vest. However, it is not the current intention of the Committee that dividend equivalents will be paid on shares that vest 	<ul style="list-style-type: none"> The maximum value of shares over which an individual can be granted an award in any one financial year of the Company is normally 200% of base salary, although this limit may be increased to 250% of base salary in exceptional circumstances. The Committee will, however, take into consideration awards made under other plans when granting awards under the plan Typically 25% of awards vest for threshold levels of performance 	<ul style="list-style-type: none"> Awards granted in 2015 will vest subject to a combination of underlying EPS and strategic performance measures (all of which are financial in nature). The vesting of the strategic measures will also be subject to meeting a ROCE underpin The Committee retains the discretion to alter the performance measures for future awards if it deems appropriate. However, the Committee will endeavour to consult with the Company's largest shareholders prior to doing so, other than for minor changes Strategic measures will account for no more than 30% of future awards The Committee sets performance targets each year, taking into account the business plan, external expectations and market practice For further information in relation to the performance measures, weightings and targets for awards see the annual report on remuneration

Executive directors also have a shareholding guideline. Further details are provided in the annual report on remuneration.

NOTE:

The Deferred Bonus Matching Plan and the Executive Share Option Plan both expired during FY2016. The PSP is therefore the only executive plan operated by the Company.

The table below sets out details of other plans that the Company has in place. It is not currently intended that these plans will be operated during FY2015. However, the Committee retains the discretion to operate these plans in exceptional circumstances or in future years if it considers it to be appropriate and in the best interests of shareholders.

Any use of these plans upon recruitment of an executive would be within the variable pay limit (excluding buyout awards) referred to in the "Recruitment remuneration arrangements" section of this report.

Element	Purpose and link to strategy	Key features/operation	What is the maximum potential value?	Performance metrics
<p>Deferred Bonus Matching Plan ("DBMP")</p>	<ul style="list-style-type: none"> Incentivises executives to achieve Debenhams' long-term strategy and create sustainable shareholder value Aligns executives' interests with shareholders through the investment of their cash bonus into shares 	<ul style="list-style-type: none"> The Committee can invite participants to invest up to 100% of their net annual bonus. The net bonus is used to purchase market shares which are then designated "invested shares" If the participant remains in employment and retains the invested shares for three years, they may receive a matching award of up to the gross amount of the bonus deferred subject to performance conditions being met over a period of no less than three years Matching awards can be in the form of free shares or 0.01 pence options. Where awards are in the form of 0.01 pence options, participants have up to six months from vesting to exercise awards The Committee retains the discretion to adjust the final vesting level if it does not consider that it reflects the underlying 	<ul style="list-style-type: none"> Maximum matching awards may be made up to the equivalent of 100% of the executive's net bonus Typically 25% of the matching award vests for threshold levels of performance 	<ul style="list-style-type: none"> If this plan were operated, appropriate performance conditions would be determined by the Committee at the time of award and disclosed in the annual report on remuneration for that year

		performance of the Company		
Executive Share Option Plan ("ESOP")	<ul style="list-style-type: none"> Incentivises executives to achieve Debenhams' long-term strategy and create sustainable shareholder value 	<ul style="list-style-type: none"> Awards would take the form of market value options over ordinary shares in the Company Awards would be subject to performance assessed over a period of no less than three years The Committee retains the discretion to adjust the final vesting level if it does not consider that it reflects the underlying performance of the Company Awards may be exercised once vested for up to ten years following the date of grant Options can be granted in the form of unapproved options or HM Revenue & Customs ("HMRC") approved options (up to the lower of the limit of this policy or the prescribed HMRC limit at the date of grant) 	<ul style="list-style-type: none"> The maximum award that can be made under the plan is 100% of base salary (face value of options based on the share price at the date of grant). The Committee will take into consideration awards made under the PSP when granting awards under the plan Awards may be made above this level in exceptional circumstances Typically 25% of award vests for target levels of performance 	<ul style="list-style-type: none"> If this plan were operated, appropriate performance conditions would be determined by the Committee at the time of award and disclosed in the annual report on remuneration for that year

NOTES TO THE POLICY TABLE

Malus

- Bonus – The Committee reserves the right to scale back bonuses if there has been a material misstatement of the Group's audited financial results during a prior year.
- Performance Share Plan – For awards granted in 2014 onwards, the Committee reserves the right to reduce, cancel and/or impose further conditions on some or all unvested awards under the PSP in circumstances in which the Committee considers such action is appropriate. Such circumstances include, but are not limited to, a material misstatement of the Group's audited results.
- Malus provisions do not currently apply to awards under the other long-term incentive plans. However, the Committee retains the discretion to introduce such provisions if it considers it appropriate.

The Company's incentive arrangements do not currently have clawback. The Committee is aware of the provisions of the 2014 UK Corporate Governance Code which require clawback provisions to be in place for variable elements of pay with effect from no later than the Company's 2016 financial year. The Committee will consider introducing clawback provisions when a new PSP is implemented in 2016.

NOTE:

Following shareholder approval of the remuneration policy in 2014, Debenhams introduced clawback provisions and extended the existing malus provisions.

Annual bonus performance measures

- The Committee sets annual bonus performance targets annually based on the measures that it feels are the most appropriate for the business. Annual bonus targets are set with reference to internal forecasts and market consensus. Information in relation to the performance measures used has been set out in the annual report on remuneration.
- The Committee considers that the annual bonus targets are market sensitive and have therefore not been disclosed in this report. Details of performance against targets and any resulting annual bonus payout will be included in the subsequent annual report on remuneration.

Performance Share Plan performance measures

- For 2015 awards, the Committee has chosen to use a combination of underlying EPS (70%) and strategic measures (30%). The vesting of the strategic measures will also be subject to meeting a ROCE underpin. The Committee may use different measures or a different balance of measures in future years if it considers that it is appropriate to do so.
- In light of the ongoing challenges in the UK retail sector and our evolving business strategy, the Committee decided that it was appropriate to amend the performance measures attached to 2015 PSP awards to ensure that they were fully aligned with this strategy and to incentivise management to deliver long-term sustainable value for our shareholders. At the 2014 interim results, the Chief Executive Michael Sharp set out our strategic priorities in support of the four pillars of our strategy. The financial strategic objectives for the PSP have been selected to support these priorities directly.
- Details of the specific measures, weightings and targets applying to the PSP awards are disclosed in the annual report on remuneration.
- Threshold vesting for PSP awards made prior to 2015 is 30%.

Difference from the remuneration policy for all employees

Debenhams employs a large number of people in a variety of roles across a range of geographies. Our reward framework for the business is altered as necessary to suit the needs of the business for different employee groups. Reward packages therefore differ, taking into account a number of appropriate factors including seniority, impact on the business and local practice, custom and legislation.

Other information supporting the policy table

- The Committee may amend the terms of awards or the rules of share plans within the scope defined in the rules of the plans.
- For share awards, in the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event which may, in the Committee's opinion, affect the current or future value of awards, the number of awards and the exercise price applicable to those awards may be adjusted.
- The Committee may amend the conditions applicable to share awards if it considers that the amended conditions are a fairer measure of performance and at least as challenging as the original conditions.
- The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions

available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and an award over shares is "agreed" at the time the award is granted.

REMUNERATION OUTCOMES IN DIFFERENT PERFORMANCE SCENARIOS

The charts below set out an illustration of the remuneration policy for 2015. The charts provide an illustration of the proportion of total remuneration made up of each component of the remuneration policy and the value of each component.

Three scenarios have been illustrated for each executive director:	
Below threshold performance	<ul style="list-style-type: none"> • Fixed remuneration • No annual bonus payout • No vesting under the PSP
Mid-range performance	<ul style="list-style-type: none"> • Fixed remuneration • 50% annual bonus payout • 50% vesting under the PSP
Maximum performance	<ul style="list-style-type: none"> • Fixed remuneration • 100% annual bonus payout • 100% vesting under the PSP

NOTE:

The figures below are those which were included in the 2014 policy and approved by shareholders in December 2014. They have not been updated to show the figures for subsequent years.

Fixed pay currently comprises the following elements:

	Current base salary	Benefits	Pension	Total
Chief Executive – Michael Sharp	£615,000	£34,999	£123,000	£772,999
Chief Financial Officer – Matt Smith (not employed during 2014)	£400,000	£18,375	£60,000	£478,375
Group Trading Director – Suzanne Harlow	£400,000	£22,195	£68,000	£490,195

- Base salary is the base salary in place at 1 September 2014. Salary levels may be subject to changes following the annual base salary review in early 2015. Any changes will be effective from 1 April 2015. The salary for the Chief Financial Officer will apply from the point he joins the Company.
- The benefits figure for the Chief Executive is based on the amount received during 2014 as per the single figure. This reflects his annual benefits allowance and the taxable value of other benefits provided during the year. For the Chief Financial Officer and Group Trading Director the benefits number is the value of their respective annual benefits allowances. For 2014, the Chief Financial Officer was not a member of the board and so did not receive any benefits. The Group Trading Director was only a member of the board for part of the year.
- Pension is based on the cash contribution of 20% of base salary for the Chief Executive, 15% of base salary for the Chief Financial Officer and 17% for the Group Trading Director.
- Bonus is based on the ongoing annual policy maximum of 100% of base salary for all executive directors.

NOTE:

The charts below which illustrate remuneration outcomes in different performance scenarios relate to the policy applied for the first year in which the policy applied (2015) and have not been updated. The scenarios below do not take into account the share price appreciation or dividends.

The scenarios below do not take into account share price appreciation or dividends

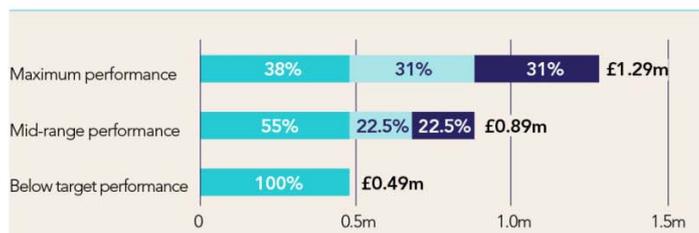
Chief Executive



Chief Financial Officer



Group Trading Director



■ Fixed ■ Short-term incentives (annual bonus) ■ Long-term incentives (PSP)

PSP is based on the ongoing usual annual policy maximum of 150% of salary for the Chief Executive Officer and 100% of salary for other executive directors. During 2015 the Chief Financial Officer and Group Trading Director will receive higher one-off awards. This is not reflected in the chart.

RECRUITMENT REMUNERATION ARRANGEMENTS

When determining the remuneration package for a newly appointed executive director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- The structure of the ongoing remuneration package would normally include some or all of the components set out in the policy table for executive directors.
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in that year’s annual report on remuneration.
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such “buyout”, the guiding principle would be that awards would generally be on a “like-for-like” basis unless this is considered by the Committee not to be practical or appropriate.
- The maximum level of variable remuneration which may be awarded (excluding any “buyout” awards referred to above) in respect of recruitment is 350% of salary, which is in line with the current maximum limit under the annual bonus and PSP. Where awards are made under the ESOP, the value of the award that counts towards this maximum will be calculated on an expected value rather than a face value basis.
- Where an executive director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).

In the event that an internal candidate is promoted to the board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

To facilitate any buyout awards outlined above, in the event of recruitment the Committee may grant awards to a new executive director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an executive director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

The remuneration package for a newly appointed non-executive director would normally be in line with the structure set out in the policy table for non-executive directors.

Executive director service contracts

Notice period	<ul style="list-style-type: none"> • 12 months’ notice by the Company or by the executive director • Michael Sharp entered into his current service agreement on 3 May 2006 • Matt Smith entered into a service agreement on 25 July 2014 • Suzanne Harlow entered into her current service agreement on 11 December 2013
Expiry date	<ul style="list-style-type: none"> • All are rolling contracts with no expiry date

Termination payments	<ul style="list-style-type: none"> • Payments in lieu of notice will be based on base salary, contractual benefits and any accrued but untaken holiday • Payments in lieu of notice for Michael Sharp and Suzanne Harlow will be paid as a lump sum following termination. However, the Committee would seek to apply mitigation in respect of the period and amount where appropriate • Payments in lieu of notice for Matt Smith may, at the Committee's discretion, be paid as a lump sum or in equal monthly instalments which would be subject to mitigation • Legal fees and outplacement services may also be provided for executive directors leaving the business
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The service agreements are available to shareholders to view on request from the Company Secretary at the Company's registered office.

ARRANGEMENTS FOR DIRECTORS LEAVING DEBENHAMS

- Details of the arrangements in relation to fixed remuneration are set out in the section above.

Annual bonus

- There is no automatic entitlement to an annual bonus in the year in which the executive director leaves the Group. The Committee may determine that an executive director is eligible to receive a bonus in respect of the year of cessation dependent upon the circumstances of the executive director's departure and individual performance. Any such payment would normally continue to be subject to performance and pro-rated to take account of the time served during the year.

Long-term incentives

- The treatment of leavers under our long-term incentive plans is determined by the rules of the relevant plans.
- **2006 Performance Share Plan** – If an individual ceases to be employed by a member of the Group or gives or is given notice terminating their employment before the end of the performance period, a participant's award will usually lapse, unless the Committee determines that it will vest, having regard to the performance of the Company and the length of time which has elapsed since the date of grant. The Committee may determine that the award will vest at the time of cessation of employment or at the "normal" vesting date. The number of shares over which an award may vest will be time pro-rated to reflect the proportion of the vesting period that has elapsed on cessation of employment. In the case of nil cost options, the Committee will determine the period during which the participant may exercise his or her options.
- **2006 Executive Share Option Plan** – If an individual ceases to be employed by a member of the Group, options will lapse unless the option holder leaves in "good leaver" circumstances, namely in respect of tax approved options: injury or disability, retirement, the sale of their employing entity out of the Group, redundancy or any other reason that the Committee decides and in respect of unapproved options, in such circumstances as the Committee may determine. If these "good leaver" circumstances apply, the options will be exercisable for a period of six months from the date of cessation, or such other period as the Committee determines. Where options become exercisable as a result of the individual's cessation of employment, the extent to which the options will be exercisable will be subject to the performance conditions applicable to the options and will be pro-rated to reflect the proportion of the vesting period that has elapsed on cessation of employment. If a participant dies, their representatives shall have 12 months from death to exercise their options in full.
- **2006 Deferred Bonus Matching Plan** – In the event of cessation of employment with a member of the Group, matching awards will usually lapse. However, the Committee may determine that a matching award will vest at the normal time, to the extent that the performance conditions have been met and on a time pro-rated basis to reflect the proportion of the vesting period that has elapsed at the time of cessation. In exceptional circumstances, the Committee may determine that matching awards may be released before the end of the original performance period to the extent determined by the Committee, having regard to the time pro-rating formula described above. In these circumstances, invested shares are released from the plan at the time the related matching award vests.

TAKEOVER OR MERGER OF THE COMPANY

2006 Performance Share Plan – In the event of a takeover or merger of the Company, outstanding PSP awards will vest to the extent that performance conditions are satisfied. Where awards vest in these circumstances, they may be pro-rated (on a monthly basis) to reflect the proportion of the vesting period that has elapsed, unless the Committee determines that a different proportion of the award should vest, taking into account Company performance and such other factors as it considers relevant.

Upon agreement with the acquiring company, the participant may choose to roll over their awards into awards in the acquiring company.

2006 Executive Share Option Plan – In the event of a change of control of the Company, outstanding ESOP awards will generally become exercisable to the extent that performance conditions have been satisfied and the number of shares subject to the options will be pro-rated to reflect the proportion of the vesting period that has elapsed (to the nearest whole month) unless the Committee determines that a higher proportion of the options should vest.

Upon agreement with the acquiring company, the participant may choose to roll over their options into options in the acquiring company.

2006 Deferred Bonus Matching Plan – In the event of a takeover or voluntary winding up of the Company, matching awards will vest to the extent that the performance conditions have been met or, if the Committee considers it appropriate, to the extent that the performance conditions would have been met at the end of the original performance period, in the Committee's opinion. Invested shares no longer have to be retained.

Upon agreement with the acquiring company, the participant may choose to roll over their awards into awards in the acquiring company.

OTHER CORPORATE EVENTS

2006 Performance Share Plan – If the Company is voluntarily wound up, the Committee may allow awards to vest on the same basis as set out above for a takeover. If the Company is, or is expected to be, affected by a demerger, special dividend or other transaction which would materially affect the value of awards, the Committee may allow some or all of the outstanding awards to vest to the extent the performance conditions applicable to these awards have or are likely to have been met, in the Committee's opinion.

2006 Executive Share Option Plan – If the Company is, or is expected to be, affected by a demerger, special dividend or other transaction which in the Committee's opinion is likely to affect the current or future value of any options, the Committee may allow options to be exercised, taking into account the performance conditions, the period that has elapsed since grant and any other factors it considers relevant. If the Company is voluntarily wound up, options may be exercised to the extent that the performance conditions have been met.

NOTE:

The rules of the Deferred Bonus Matching Plan and the Executive Share Option Plan expired in 2016. The Company did not seek shareholder approval to renew these plans.

EXTERNAL APPOINTMENTS FOR EXECUTIVE DIRECTORS

Executive directors may undertake external directorships with the consent of the board. Any proposed external directorships are considered by the Nomination Committee to ensure that they do not cause a conflict of interest. The executive directors do not currently hold any such directorships.

NOTE:

Suzanne Harlow was appointed a director of Ermes Department Stores plc on 15 June 2015. Fees in respect of this directorship are paid to and retained by Debenhams Retail plc.

REMUNERATION POLICY TABLE FOR NON-EXECUTIVE DIRECTORS

Element	Purpose and link to remuneration policy	Key features/operation	What is the maximum potential value?
Fees	<ul style="list-style-type: none"> Fees for non-executive directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so 	<ul style="list-style-type: none"> Paid in cash Fees for non-executive directors are set taking into account the time commitment required to fulfil the role and typical practice at other companies of a similar size and complexity to Debenhams The fees for the Chairman's role are set taking into account the time commitment of the role, the skills and experience of the individual and typical market practice for other companies of a similar size and complexity Our non-executive director fees policy is to pay a basic fee for membership of the board and additional fees for the Senior Independent Director, chairmanship of a committee and membership of a committee to take into account the additional responsibilities and time commitment of these roles Additional fees may be paid to reflect additional board or committee responsibilities as appropriate Fees are reviewed at appropriate intervals by the board 	<ul style="list-style-type: none"> Fees paid to non-executive directors and the non-executive Chairman will not exceed the aggregate limit set out in the Company's articles of association, currently £1 million Fee levels are set out in the annual report on remuneration
Benefits and expenses	<ul style="list-style-type: none"> To provide suitable arrangements to allow non-executive directors to discharge their duties effectively 	<ul style="list-style-type: none"> Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chairman and non-executive directors. The Company may meet any tax liabilities that may arise on such expenses The Chairman and non-executive directors are eligible for a staff discount and an annual health assessment The Chairman and non-executive directors are not entitled to participate in any of the Group's incentive plans or pension plans The Chairman and non-executive directors have the benefit of directors' and officers' liability insurance and provision of indemnity on the same basis as other directors and officers of other Group companies The board may introduce additional benefits for the Chairman or non-executive directors if it is considered appropriate to do so 	None

TERMS AND CONDITIONS FOR THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Nigel Northridge was appointed as a non-executive director of the Company on 1 January 2010 and became Chairman on 1 April 2010. His appointment as Chairman is subject to the terms of a letter of appointment dated 28 January 2010 and his initial appointment was for three years ending on 31 March 2013. This was extended by mutual agreement for a further three years to 31 March 2016 and may be extended by further terms of three years by mutual agreement.

The Chairman's appointment may be terminated by the Company in accordance with the Company's Articles of Association and the Companies Act 2006 or upon the Chairman's resignation. In the event that the Chairman's appointment is terminated early, there will be no payment for loss of office or for the unexpired appointment term. The Chairman is permitted to hold other directorships provided that any such appointment does not interfere with his position at the Company.

The non-executive directors have letters of appointment from the Company covering matters such as duties, time commitment, fees and other business interests. The non-executive directors are appointed for an initial three years which may be extended for further terms of three years by mutual agreement. Both Martina King and Sophie Turner Laing were appointed for a further three years to 31 July 2015 following the end of their initial engagement on 31 July 2012. Mark Rolfe was appointed for a further three years to 1 October 2016 following the end of his initial engagement on 1 October 2013. Dennis Millard was appointed on 9 May 2006 and following two three year terms his appointment has been extended on an annual basis.

Non-executive director appointments may be terminated by the Company in accordance with the Company's Articles of Association and the Companies Act 2006 or upon the director's resignation. In the event that a non-executive director's appointment is terminated early, there will be no payment for loss of office or for the unexpired appointment term. Dennis Millard's appointment may be terminated by either party giving one month's notice. Dennis Millard is not eligible for any payment in lieu of notice.

All appointments are subject to the Company's Articles of Association and the annual re-election by shareholders. The service agreements for non-executive directors are available to shareholders to view on request from the Company Secretary at the Company's registered office.

CONSIDERING ALL-EMPLOYEE REMUNERATION ARRANGEMENTS

When determining remuneration policy and arrangements for the executive directors, the Committee considers pay and employment conditions elsewhere in the Group to ensure that pay structures throughout the Group are appropriately aligned and that levels of remuneration remain appropriate in this context.

When considering salary increases for the executive directors, the Committee considers the general level of salary increase across the Group. Whilst the Committee does not consult with employees about executive director pay, the Committee is provided with an annual update of the Debenhams employee survey which includes questions on their own remuneration.

The remuneration arrangements for the members of the Executive Committee who are not executive directors fall within the Committee's remit engendering a common approach to the design of reward and determining reward outcomes for the most senior people within the organisation.

CONSIDERING SHAREHOLDER VIEWS

The Committee is committed to an ongoing dialogue with shareholders and seeks shareholder views when any significant changes are being made to remuneration arrangements. Over the last few years the Committee has consulted with shareholders regarding the performance measures for the PSP and the use of the DBMP. The Committee takes into account the views of shareholders when formulating and implementing the policy as it did in 2014 when it consulted with major shareholders on the changes to the PSP performance measures.