WHITBREAD PLC

(incorporated and registered in England and Wales under number 4120344)

Notice of General Meeting

to consider revised Directors' Remuneration Policy and the Restricted Share Plan

This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are advised to consult your stockbroker, solicitor, accountant or other professional adviser. It contains the resolutions to be voted on at a general meeting of Whitbread PLC ("**Whitbread**" or the "**Company**") to be held on 6 December 2019.

If you have sold or otherwise transferred all of your shares in the Company, please send this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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Part I
Letter from the Chairman and the Remuneration Committee Chair

13 November 2019

This document is important and requires your immediate attention. It contains the resolutions to be voted on at the Company's General Meeting ("GM") to be held on 6 December 2019.

Dear Shareholder,

In our 2019 Directors' Remuneration Report we stated that we intended to bring forward a comprehensive review of our Directors' Remuneration Policy (the "**Policy**") to late 2019. This is in order to ensure all aspects of the Policy reflect Whitbread's strategy and growth aspirations going forward, as well as to address the new requirements under the UK Corporate Governance Code.

Having widely consulted with our largest shareholders over the course of this year we are now presenting our revised Policy at this GM.

Business and Strategic Context

On 3 January 2019, Whitbread PLC (the "**Company**") announced the completion of the sale of Costa to The Coca-Cola Company for £3.9 billion. Following this, Whitbread is now a focussed international hotel company, with a clear strategy for growth both in the UK and Germany.

The Directors of Whitbread are committed to making Whitbread the best budget hotel company in the world. In order to achieve this, we have set three strategic priorities for the Company:

1. grow and innovate in our core UK market;
2. focus on our strengths to grow internationally; and
3. optimise capabilities to support long-term growth.

These priorities were set out in detail at a Capital Markets Day on 13 February 2019 and received strong support from shareholders. The Directors believe that the hotel markets in the UK and Germany provide very attractive long-term structural growth opportunities. Accessing growth in these markets also involves very different short and medium-term business plans. The key in the UK is to grow and innovate in a competitive market, driving earnings and returns. The priority in Germany is to grow a meaningful and sustainable platform for the business.

Whitbread is entering into a new phase of its development, with an intensified focus as a hotel business in a volatile and unpredictable market in the UK, together with material expansion in Germany. Notwithstanding the sale of Costa at the beginning of the year, given the importance of international expansion, as well as the challenging market conditions Whitbread faces domestically, the level of complexity in the business is increasing.

The Remuneration Committee (the "**Committee**") considers it imperative to retain and motivate our highly regarded leadership team through the next phase of the Company's development, and a key part of this is ensuring that the right remuneration structures are in place to align these strategic growth opportunities with remuneration.

The Committee has been considering this objective in detail. Ensuring the remuneration of our executives appropriately reflects our business performance and long-term value creation, whilst considering the remuneration of the Company as a whole, have been important priorities for this review.

The Committee is also mindful of the need to ensure that Whitbread does not contribute to the clear gender imbalance in relation to female CEO remuneration across comparable FTSE 100 companies.

Consultation with shareholders

We have carried out an extensive consultation with our investors, discussing our plans with the holders of around 60% of the Company's shares. Investors have different perspectives on remuneration structures, and we would like to thank all those who took part in the consultation for their constructive engagement.

The Committee considered the differing views of our investors in detail and have made significant changes to our proposals as a result of the consultation. We have aimed to develop a revised Policy which we believe best reflects the majority position and aligns to long-term value creation.

Key changes to the Policy

Restricted Share Plan

The primary change in the revised Policy is to replace our previous performance based long-term

incentive plan with a Restricted Share Plan (the "**RSP**") which must have a combined vesting and holding period of at least five years.

The Committee considers that the RSP is the best structure to create long-term alignment with the interests of shareholders, and incentivises management to make decisions for the long-term benefit of Whitbread and its subsidiaries (the "**Group**"), maintaining focus through any short-term uncertainty and trading volatility.

The hotel sector is inherently cyclical and we are consistently investing through the cycle in the UK and Germany for the long term. The RSP is the most appropriate structure for this cyclicality and provides consistent long-term remuneration for our management team, which directly aligns them to shareholder returns and interests.

Given the different time horizons within our strategy with regard to growth in Germany and the UK, and against the backdrop of economic uncertainty and sector cyclicality, establishing a set of realistic, robust and stretching long-term financial targets as part of a single long-term incentive plan would be very challenging, without the vesting outcome being likely at the extreme ends of the spectrum of vesting i.e. very high or very low.

The RSP has underpinning conditions and aligns directly with long-term value creation rather than focussing on specific targets, at a time when management need to balance investment and growth. We therefore consider that the RSP is the most appropriate way of aligning the remuneration for management with the interests of shareholders.

To avoid the possibility of any "payment for failure" the RSP performance underpins, if not met, can cause awards under the RSP to lapse in full.

The underpins have been designed to protect shareholders' interests whilst recognising that we will continue to invest significant sums of capital in the business, in order to deliver on our clear strategy for growth. The underpins which will apply to the initial RSP grant will be as follows:

- Average Return on Capital Employed for the UK business to be at least equal to the weighted average cost of capital plus 1% over the 3 year period to the end of the 2022/2023 financial year.
- Average Lease-adjusted net debt to Funds From Operations leverage to be below 4.5x over the 3 year period to the end of the 2022/2023 financial year.

If one of the underpins is not met up to 50% of the award will lapse and if both of the underpins are not met up to 100% of the award will lapse. In accordance with the UK Corporate Governance Code, the Committee will have full discretion to overrule any formulaic outcome, taking into account the underlying performance of the business, as it sees fit.

Shares vesting under this initial RSP award will be subject to an additional two year holding period.

A summary of the key terms of the RSP is set out in Part V. Approval of the revised Policy is conditional on the RSP also being approved.

Quantum

The other material changes to the revised Policy are in relation to incentive quantum and pension provision. The Company is growing its business internationally, and needs to retain and motivate its experienced and highly regarded leadership team. We are also mindful of the fact that, at some point in the future, we may need to attract external talent to the organisation and the Policy needs to be sufficiently attractive to allow recruitment externally, particularly as we will be recruiting in an increasingly international pool of talent.

Quantums at Whitbread have not changed for some years. In determining the appropriate level of RSP grant, we considered the quantum under the current package and the wider market context for comparable companies. We were also concerned that as a company with a female CEO, the award level should not be below her male counterparts in a broad range of comparable companies and we have sought to ensure that this will not be the case.

After careful consideration, we determined that, had we retained a performance-based 'LTI' share plan, we would have looked to propose an increase in the CEO's quantum from 200% to 250% of salary to reflect her strong performance to date, the lack of prior increases to quantum and the appropriate market positioning of the CEO's remuneration.

Typically, awards are made under restricted stock plans at a discount of around 50% of the maximum entitlement under a more traditional long-term incentive plan. The current maximum incentive opportunities (as a % of base salary) are 167% under our Annual Incentive Scheme ("**AIS**") and 200% under a long-term performance share plan. The proposed maximum quantums under the revised Policy are 200% under the AIS and 125% under the RSP.

It is important to note that the total annual incentive opportunity for the current Executive Directors in 2020/21 will be below the maximum level proposed under the Policy. The annual incentive will be 170% for all Directors (a rounding from the current 167% versus a maximum of 200%). The RSP grants will be 125% for the CEO and 110% for the FD and HRD. Any increase beyond these levels for the FD and HRD in future years will only be applied in exceptional circumstances and will be at the discretion of the Committee (and in line with the Policy maximums).

In the case of the RSP, we recognise that the replacement of performance conditions with underpinning performance criteria would lead to an expectation of a reduction in quantum by many UK investors. Therefore, the proposal discounts a 250%

of salary quantum by 50%, to a grant of 125% of salary under the RSP for awards made in 2020/21 onwards, and reflects the market median for roles of the scale and complexity of a business of this type.

The first awards under this Policy will be made at the beginning of the 2020/21 financial year and it will be five years before Directors receive the benefit of any RSP awards, subject to the achievement of the relevant performance underpins.

We will also lower the pension contribution for the current Executive Directors by 10% pts to 15% of salary over this Policy period and lower the pension provision for new Executive Directors to 10% of salary. The first reduction will take effect in May 2020 with a commitment to further review these contribution levels at the end of the Policy period.

Other changes

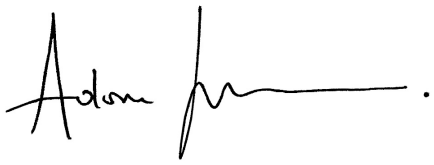
The Committee has made a number of other changes to the Policy, including:

- Increasing the shareholding requirements from 200%/125% to 300%/200% of base salary for the CEO and the FD and HRD respectively.
- Introducing post-cessation shareholding requirements for future grants under this Policy which will apply for three years after an Executive Director leaves employment with the Group.
- Extending the malus and clawback triggers, so that they are aligned across all plans (including the RSP) and include the instance of "corporate failure".
- On a change of control of the Company, the default position under the new Policy is that RSP awards would be pro-rated for time with the Committee having the discretion not to time pro-rate. This is unchanged from the current Policy in respect of long-term incentive awards. However, the Committee would like to be specific about the circumstances in which it would be prepared to exercise its discretion to increase awards beyond any such pro-rating. These circumstances will include the extent of any premium extracted from a buyer, the quality of execution of the process, and the performance of the business and the share price over the entire vesting period.

The proposed revised Policy, including further detail on all of these changes is set out in Appendix I.

The Committee strongly believes that the revised Policy and the new RSP are the most effective way to align the Executive Directors to the strategic priorities of the Company and to motivate and retain them over this critical period for Whitbread's strategic plan. We believe these proposals are in the best interests of both Whitbread and its shareholders as a whole and we recommend that you vote in favour of all resolutions at the GM.

Yours Sincerely



Adam Crozier (Chairman)

Deanna Oppenheimer (Chair, Remuneration Committee)

Part II
Notice of general meeting

Notice is hereby given that a general meeting (the "**GM**") of Whitbread PLC (the "**Company**") will be held at 2 p.m. on 6 December 2019 at Plaisterers' Hall, 1 London Wall, London EC2Y 5JU to consider and, if thought fit, pass the resolutions set out below which will be proposed as ordinary resolutions.

Voting on each of the following resolutions will be taken on a poll using polling cards. The Company believes a poll is more representative of the shareholders' voting intentions than a show of hands because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account.

Ordinary resolutions

1. Directors' Remuneration Policy

Subject to and conditional upon the passing of resolution 2 below, to approve the revised Directors' Remuneration Policy as set out in Appendix I to the circular containing this notice.

2. Restricted Share Plan

That:

(a) the rules of the Whitbread 2019 Restricted Share Plan (the "**RSP"**), the principal terms of which are summarised in Part V of the circular containing this notice, and produced in draft to the GM and for the purposes of identification initialled by the Chairman, be approved, and the Directors be authorised to do all such acts and things necessary to establish the RSP, including making such modifications to the RSP as they may consider appropriate for the implementation of the RSP and to adopt the RSP as so modified; and

(b) the Directors be authorised to establish any schedules or sub-plans to the RSP for the benefit of employees outside the UK containing such modifications as may be necessary or desirable to take account of securities laws, exchange control and tax legislation, provided that any shares made available under such schedules or sub-plans are treated as counting against any limits on individual participation or overall participation in the RSP.

By order of the Board

Chris Vaughan

General Counsel and Company Secretary
8 November 2019

Registered Office

Whitbread PLC
Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable
Bedfordshire LU5 5XE

Registered in England and Wales
No. 4120344

Part III
Important information concerning the meeting

1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the GM. A shareholder may appoint more than one proxy in relation to the GM 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.

2 The return of a completed proxy form, or any electronic or CREST proxy instruction (as described in paragraph 4 below), will not prevent a shareholder attending the GM and voting in person if he/she wishes to do so.

3 To be effective, the instrument appointing a proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be deposited at the offices of the Company's registrars, Link Asset Services, Whitbread Share Register, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 2 p.m. on Wednesday 4 December 2019 or, in the case that the GM is adjourned, not less than 48 hours before the time appointed for the adjourned meeting (excluding non-working days).

   Proxy appointments submitted via the internet at www.whitbread-shares.com must be received not later than 2 p.m. on 4 December 2019 or, in the case that the GM is adjourned, not less than 48 hours before the time appointed for the adjourned meeting (excluding non-working days).

4 If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the issuer's agent (ID number RA10) not later than 2 p.m. on 4 December 2019 or, in the case that the GM is adjourned, not less than 48 hours before the time appointed for the adjourned meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message.

   CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via www.euroclear.com/CREST). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5 Entitlement to attend and vote at the GM and the number of votes which may be cast at the GM will be determined by reference to the register of shareholders of the Company as at close of business on 4 December 2019

   If the GM is adjourned, entitlement to attend and vote will be determined by reference to the register of shareholders of the Company as at close of business two days prior to the adjourned meeting (excluding non-working days). Changes to the register of shareholders after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the GM.

6 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 they do not do so in relation to the same shares.

7 The right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006 (the "**Act**"). Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this notice are hereby informed that they may have a right under an agreement with the registered shareholder by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this GM.

   If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights. Nominated persons should contact the registered shareholder by whom they were nominated in respect of these arrangements.

8 In the case of joint holders, where more than one of the joint holders purports to vote (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

9 Any shareholder attending the GM 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 GM but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the GM 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 GM that the question be answered. If you attend the GM in person, you may be included in the recording of the GM. Please note that this recording is solely for the purpose of creating a transcript of the GM and will not be made publicly available.

10 Copies of the following documents will be available for inspection at the registered office of the Company (Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE) and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY during usual business hours (Saturdays, Sundays and public holidays excepted) from the date this notice is mailed until the close of the GM, at the place of the GM for 15 minutes before and during the GM:

(A) the revised Directors' Remuneration Policy; and

(B) the draft rules of the RSP.

A copy of this notice, and other information required by Section 311A of the Act, can be found at www.whitbread.co.uk. Neither the content of the Company's website nor any website accessible by hyperlink from the Company's website is incorporated in, or forms part of, these notes.

Shareholders should only use any electronic address provided in either this notice or any related documents (including the Chairman's letter and the proxy form) to communicate with the Company for the purposes expressly stated.

At the close of business on 11 November 2019, the Company had 146,819,105 ordinary shares in issue, of which 13,119,718 ordinary shares were held in treasury.

Therefore, the total number of voting rights in the Company was 133,699,387. The ordinary shares have a nominal value of $76^{122}/_{153}$ pence each.

Notes on the resolutions

The resolutions are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1

This resolution proposes that a revised Directors' Remuneration Policy (the "**Policy**") be approved by shareholders. For the reasons set out in the Chairman's and Remuneration Committee Chair's letter in Part I, the Company's Remuneration Committee (the "**Committee**") is making this proposal to ensure the Policy most effectively aligns Executive Director remuneration to the strategic priorities and growth opportunities for the Company. Specifically, the Policy would permit awards to be made under the new RSP from the 2020/21 financial year, replacing the previous performance based Whitbread 2014 Long-Term Incentive Plan (the "**LTIP**"). A summary of the key changes to the Policy is set out in Part IV and a copy of the full revised Policy is set out in Appendix I. The new Policy is conditional on shareholders also approving resolution 2 described below. If resolution 2 is not approved, the current Directors' Remuneration Policy will continue in place.

Resolution 2

This resolution proposes to adopt the rules for the new Restricted Share Plan (the "**RSP**"). The Company's existing long-term incentive arrangement for the Company's Executive Directors and other selected senior management is the LTIP, and the Company further adopted the Whitbread Performance Share Plan in 2018 in relation to the then proposed demerger of Costa from the Whitbread business. Following the sale of Costa, and in light of the growth strategy in the UK and Germany, the Company has undertaken a review of its remuneration strategy and the LTIP, and concluded that shareholder authority should be obtained to approve the RSP. Performance underpins under the RSP will be linked to the underlying performance of the business to align executives with shareholders. Awards will normally vest after three years subject to performance underpins and, in the case of awards granted to Executive Directors, be subject to a two year post-vesting holding period. A more detailed summary of the terms of the RSP is set out in Part V.

Recommendation

The Directors consider that both of the resolutions to be put to the GM are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of the proposed resolutions in respect of their own personal shares and unanimously recommend that you do so as well.

WHITBREAD PLC

Directions to Plaisterers' Hall

1 London Wall
London
EC2Y 5JU

Nearest Underground Stations:
St Paul's (Central); Moorgate (Northern, Hammersmith & City, Circle and Metropolitan)

Whitbread PLC

Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable
Bedfordshire LU5 5XE

Part IV
Summary of key changes to the Directors' Remuneration Policy

The key changes proposed to the Company's current Directors' Remuneration Policy are as follows:

The revised Directors' Remuneration Policy would permit awards to be made under a new Restricted Share Plan ("**RSP**") from the 2020/21 financial year, replacing the previous performance-based Long-Term Incentive Plan ("**LTIP**"). A summary of the principal terms of the RSP is set out in Part V. The maximum award under the RSP is 125% of base salary. The grant for 2020/21 for the current Executive Directors under the RSP will be 125% of base salary for the CEO and 110% for the FD and HRD. Any increase beyond this level for the FD and HRD for future years will only be applied in exceptional circumstances and will be at the discretion of the Committee.

The revised Directors' Remuneration Policy would increase the maximum award under the Annual Incentive Scheme from 167% of base salary to 200% of base salary. The normal maximum bonus for 2020/21 for the current Executive Directors will be 170% of base salary. Any increase beyond this level for future years will only be applied in exceptional circumstances and will be at the discretion of the Committee. All other terms of this scheme will remain unchanged.

The revised Directors' Remuneration Policy would lower the pension provision for new Executive Directors from 25% to 10% of salary, and lower the pension provision for the current Executive Directors to 15% over the life of this Policy.

The revised Directors' Remuneration Policy would increase the shareholding requirements from 200%/125% to 300%/200% of base salary for the CEO and the FD and HRD respectively, and introduces post-cessation shareholding requirements which will apply for three years after an Executive Director leaves employment with the Group. The Policy would allow any shares held outright (including by a connected person), any vested but unexercised options, deferred bonus shares or vested LTIP, RSP or PSP shares subject to a holding period to count towards the shareholding requirement (on a notional net of tax basis where necessary).

The Committee recognises that it will be unable to enforce the post-cessation shareholding requirement by restricting the sale of shares which have already been granted to the Executive Directors, as no such conditions were part of these awards when granted and the Committee believes it is inappropriate to retrospectively amend these. The Committee has therefore decided to establish transitional arrangements for the current Executive Directors whereby post-cessation shareholding requirements will build as future awards granted under this Policy vest.

The revised Directors' Remuneration Policy would extend the malus and clawback triggers, so that they are aligned across all plans and include the instance of "corporate failure" for future grants under the RSP and Annual Incentive Scheme.

It will be a term of grant of all future deferred bonus and RSP awards that the award cannot be exercised if an individual is not, at that point in time, meeting their shareholding requirement.

Part V
Summary of principal terms of the Restricted Share Plan

1. General

The Whitbread 2019 Restricted Share Plan (the "**RSP**") is an employee share scheme set up to facilitate the holding of shares in the Company to assist in the retention, incentivisation and recruitment of key employees. It will be administered by the Remuneration Committee, a duly authorised committee of the Directors of the Company (the "**Committee**"). Awards granted under the RSP (the "**Awards**") are personal to the relevant participant and their personal representatives, and are not pensionable. Awards may be satisfied by newly issued shares, shares purchased in the market or by the transfer of treasury shares, or in cash (see below).

2. Eligibility

The Committee may, at its discretion, select any person who is an employee of the Company or any of its subsidiaries (the "**Group**") to participate in the RSP.

3. Grant of Awards

Awards may take the form of: (i) a conditional award, which is a deferred right to receive ordinary shares in the Company ("**Shares**"); (ii) a nil-cost option, which is similar to a conditional award but under which the participant has an exercise period during which he can choose when to receive the Shares; (iii) a restricted award, under which the participant will become the owner of the Shares at the time of grant on terms that the Shares will be forfeited if the conditions specified at the time of grant are not met; or (iv) a SAR award, which is a right to receive a cash payment linked to the value of a specified number of Shares. The Committee may choose following grant to satisfy a nil-cost option or conditional award by paying an equivalent amount in cash. No consideration is payable by participants to receive an Award.

Awards may be granted: (i) within 42 days beginning on the later of: (a) the date on which the RSP is approved by the Company in general meeting; and (b) the date on which any dealing restrictions prohibiting grant during the period set out in (a) are lifted; (ii) within 42 days beginning on the later of: (a) the business day following the date on which the Company's results are announced; and (b) the date on which any dealing restrictions prohibiting grant during the period set out in (a) are lifted; (iii) when an individual first becomes employed by a member of the Group; (iv) when an employee is promoted to a position which qualifies him to receive an Award or an increased level of Award; and (v) at any other time if the Committee considers that exceptional circumstances exist. No Awards may be granted under the RSP after the tenth anniversary of the day the RSP is approved by shareholders.

Awards will (unless the Committee determines otherwise in relation to an Award granted to an eligible employee who is not an Executive Director) be granted subject to performance underpins. These underpins will in the case of Awards granted to an Executive Director normally be measured over a period of at least three years (subject to the paragraph below). The Committee may also decide to grant Awards with a post-vesting holding period under which the participant is not entitled to dispose of the Shares subject to the Award. The Committee may specify different periods in relation to different Awards or parts of an Award but, in relation to an Award granted to an Executive Director, the aggregate of the underpin measurement period and the holding period applicable to an Award will not be less than five years.

An Award granted in connection with the recruitment of an individual to compensate him (partly or wholly) for the loss of incentives in an previous appointment (a "**Recruitment Award**") may be granted without any performance underpins or additional conditions and on other terms (whether or not consistent with the terms of the RSP, including in excess of the limits described below) that the Committee considers appropriate provided it is consistent with the Company's Directors' Remuneration Policy at the time.

4. Limits

The RSP will be subject to the following limits:

(i) The aggregate nominal amount of Shares that may be allocated under the RSP may not, when added to the nominal amount of Shares allocated or remaining to be allocated in respect of awards granted in the previous ten years under all employee share plans of the Group, exceed 10% of the equity share capital of the Company; and

(ii) The aggregate nominal amount of Shares that may be allocated under the RSP and any other discretionary employee share plan may not, when added to the nominal amount of Shares allocated or remaining to be allocated in respect of awards granted in the previous ten years under all such plans exceed 5% of the equity share capital of the Company.

For these purposes, Shares will be treated as allocated if they are issued or transferred from treasury in satisfaction of an award. No account will be taken of an award which the Committee considers can be satisfied by a transfer of existing Shares other than treasury Shares.

Also, in respect of any financial year, no individual may be granted an Award over Shares where the total market value of Shares subject to that Award (as determined by the Committee) would, when added to the market value of Shares subject to any other Awards (as determined by the Committee) granted to that individual would exceed the individual limit set out for Executive Directors in the Company's Remuneration Policy in force at that date unless the Award is a Recruitment Award or there are exceptional circumstances in the Committee's opinion.

5. Vesting and exercise of Awards

Awards will normally vest, subject to satisfaction of the underpins, following the end of the underpin measurement period and will be released following vesting, or where applicable, the completion of any relevant holding period. Awards will normally lapse to the extent that an underpin is not satisfied at the end of the underpin measurement period. However, the Committee retains the discretion to adjust the extent to which an Award vests, taking into account the underlying financial performance of the Company and any other factors it considers relevant.

In the case of conditional awards, the Shares will be released automatically following vesting/the end of the holding period whilst Shares subject to restricted awards will cease to be subject to forfeiture. An Award in the form of a nil-cost option or SAR is exercisable during a period starting from the later of (i) the vesting date set by the Committee at the time of grant; and (ii) the date on which any holding period ends, and ending on the tenth anniversary of the date of grant or such shorter period as the Committee may determine.

The Committee may determine that if any dividends are paid by the Company during the holding period (or such other period as the Committee may determine starting no earlier than the date of grant and ending no later than the end of the holding period or, in the case of a nil-cost option or SAR, exercise), the number of Shares subject to the Award may be increased or the participant will receive an equivalent cash amount to reflect the value of those dividends.

It is proposed that the underpins to be applied in respect of the initial Awards to be granted to the Executive Directors under the RSP will be based on the Company's average Return on Capital Employed for the UK business to be at least equal to the weighted average cost of capital plus 1% and its average Lease-adjusted net debt to Funds From Operations leverage ratio being less than 4.5x. Both underpins will be measured over the 3 year period to the end of the 2022/23 financial year.

The Committee may change an underpin from time to time in accordance with its terms or if circumstances occur as a result of which the Committee considers if fair and reasonable to make the change or to take account of changes in the law or to get or keep favourable tax, exchange control or regulatory treatment for participants or any member of the Group. Any change to an underpin or any additional conditions set, must not have the effect, in the opinion of the Committee, of making the underpin or additional conditions materially easier or more difficult to achieve than they were when the Award was granted.

6. Cessation of employment

If a participant ceases to be employed within the Group for any reason (other than on summary dismissal for gross misconduct, in which case the Awards will lapse), the participant will be entitled to retain any Awards which have vested. Vested Awards granted in the form of a nil-cost option or SAR may normally (save as set out below) be exercised up to six months from the later of the end of any relevant holding period and cessation of employment. In the event that a participant dies holding a vested nil-cost option or SAR, the exercise period is up to six months from the date of death.

If a participant ceases to be employed within the Group, any unvested Awards will lapse unless he leaves for a "permitted reason" or on his death. A "permitted reason" is injury, ill-health, disability, redundancy, the sale of the company or business in which the participant works out of the Group and any other reason as the Committee may decide.

Where a participant leaves for a permitted reason or dies, the Award will (unless the Committee determines otherwise) be reduced on a time-apportioned basis, normally by reference to the proportion of the underpin measurement period (or if the Committee determines, the vesting period) during which the participant was in employment. The Award will then normally vest (to the extent the underpins have been satisfied, measured over the normal underpin measurement period) and be released from any holding period, as if the participant had not ceased employment, unless the Committee decides to measure the underpins over a shorter period and to allow the Award to vest following the date of the participant's cessation of employment. However, the Committee retains the discretion to adjust the extent to which an Award vests, taking into account the underlying financial performance of the Company and any other factors it considers relevant. Nil-cost options or SARs may then be exercised up to six months thereafter.

Where a participant has ceased employment other than due to death and holds, at any point, a vested Award, he may be prohibited from exercising that Award or receiving any Shares under that Award if,

at the relevant date he is not complying with the Company's post-cessation shareholding requirements.

7. Corporate events

In the event of a takeover or winding-up of the Company, unvested RSP awards will typically vest to the extent determined by the Committee taking into account (i) the Committee's assessment of the relevant performance underpins; (ii) the underlying financial performance of the Company; and (iii) such other factors as it considers relevant. RSP awards will (unless the Committee determines otherwise) be reduced on a time-apportioned basis, normally by reference to the proportion of the underpin measurement period (or if the Committee determines, the vesting period) that has elapsed. In determining whether an Award should not be time pro-rated the Committee will take into into account: (i) the performance of the Company during the vesting period; (ii) the Company's share price performance during the vesting period; (iii) the amount of consideration from any buyer; and (iv) such other factors as it considers relevant.

Alternatively, participants may be able to surrender their Awards in return for substitute awards over shares in the acquiring company or some other company, provided that the transaction (i) results in the Company being under the control of another company; and (ii) either (a) the persons who owned Shares immediately before the change of control will immediately afterwards own more than 75% of the shares in the company over whose shares the substitute awards are granted or (b) the Committee determines there will be an automatic exchange of Awards.

Awards may also vest early, at the Committee's discretion, on the same basis as for a takeover set out above, if the Committee becomes aware that the Company is or is expected to be affected by a variation of share capital, a demerger, a special dividend or distribution or any other transaction that in the opinion of the Committee would materially affect the value of the Shares for which the Committee cannot appropriately adjust Awards.

8. Malus and clawback

The Committee may decide that an unvested Award may be reduced (including to zero) or that a vested Award should be subject to clawback within two years of the vesting date if exceptional circumstances occur. Exceptional circumstances may include (without limitation): (i) a material misstatement in the published results of the Group; (ii) an error in assessing the basis of the grant of the Award or the assessment of an underpin; (iii) employee misconduct; (iv) where the participant has been found to have caused a material loss for the Group as a result of (a) reckless, negligent or wilful actions or (b) inappropriate values or behaviour; (v) where a member of the Group suffers, in the Committee's opinion, material reputational damage and (vi) where the Company or entities representing a material proportion of the Group become insolvent or otherwise suffer a corporate failure.

9. Rights attaching to Shares

Shares issued or transferred under the RSP will rank equally in all respects with all other Shares then in issue (except for any rights attaching to Shares by reference to a record date preceding the allotment or transfer of those Shares).

10. Variation of share capital

In the event of any variation in the share capital of the Company or in such other circumstances as the Committee considers appropriate, Awards may be adjusted in any manner as the Committee considers appropriate.

11. Amendment of the RSP

The Committee may amend the RSP in any way it sees fit. However, no amendment which is to the advantage of employees or participants may be made without the prior approval of the Company in general meeting to those provisions dealing with (i) the persons to whom Shares or cash may be provided under the RSP; (ii) the overall limits of the RSP; (iii) the maximum entitlement of a participant; (iv) the basis for determining, and the terms of, a participant's entitlement; (v) the adjustment of Awards and (vi) the amendment of the RSP.

Notwithstanding this, the Committee may make minor amendments to the RSP to: (i) take account of any changes to relevant law; (ii) obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Group; or (iii) benefit the RSP's administration or correct clerical errors.

Note: This summary does not form part of the rules of the RSP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right up to the time of the GM to make such amendments and additions to the rules of the RSP as they consider appropriate provided that those amendments do not conflict in any material respect with this summary.

Appendix I
Revised Directors' Remuneration Policy

Remuneration policy report

Introduction

This Appendix I describes the Directors' Remuneration Policy (the "**Policy**"), which shareholders will be asked to approve at the General Meeting to be held on 6 December 2019, conditional on shareholders also approving the new Restricted Share Plan. Subject to these shareholder approvals, the Policy will be effective from the date of the 2019 General Meeting and is intended to apply for three years.

For Executive Directors, our approach continues to be designed so as to:

- align with the business strategy and the achievement of planned business goals;
- support the creation of sustainable long-term shareholder value;
- provide an appropriate balance between remuneration elements that attract, retain and motivate the highest calibre of executive talent; and
- encourage a high-performance culture by ensuring share–based remuneration constitutes a substantial proportion of the remuneration package and by linking maximum pay-out opportunity to outstanding results.

Whitbread is now an international focussed hotel business and our approach is also designed to enable the Company's long-term objective of expansion and growth both in the UK and Germany.

The policy table below provides more detail on each key element of remuneration for Executive and Non-Executive Directors, including the maximum potential value of each element, a brief summary of how it works and details of any performance metrics.

Future policy table

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Base salary	• Base salaries are set to be sufficient to attract and retain the calibre of executive talent needed to support the long-term interests of the business.	Salaries are reviewed annually taking account of: • the salary review across the Group; • trading circumstances; • personal performance, including against agreed objectives; and • market data for an appropriate comparator group of companies.	• Annual salary increases would normally be in line with the average increases for employees in other appropriate parts of the Group. • On occasion, increases may be larger where the Committee considers this to be necessary. Circumstances where this may apply include growth into a role, to reflect a change in scope of role and responsibilities, where market conditions indicate a level of under-competitiveness and where the Committee judges that there is a risk in relation to attracting or retaining Executive Directors. • Where the Committee awards increases above the average for other employees, it will do so in accordance with policies applying across the Group and the resulting salary will not exceed the competitive market range.	• None.
Changes from previous policy None.				
Benefits	• Benefits are intended to be competitive in the market so as to assist the recruitment and retention of Executive Directors.	• Executive Directors are entitled to benefits relating to a car or car allowance and healthcare or personal insurance. • In exceptional circumstances, such as the relocation of a Director, or for a new hire, additional benefits may be provided in the form of a relocation allowance and benefits including tax equalisation, re-imbursement of expenses for temporary accommodation, travel and legal and/or financial assistance.	• In 2018/19 the benefits received by the Executive Directors amounted to between 2.6% and 5.1% of salary. We do not anticipate that the maximum payable would exceed 10% of salary. However, the Committee may provide benefits above this level in certain situations where it deems it necessary. This may include, for example, the appointment of a Director based overseas or a significant increase in the cost of the benefits.	• None
Changes from previous policy None.				

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual Incentive Scheme (AIS)	• To provide a direct link between annual performance and reward. • To incentivise the achievement of outstanding results across appropriate key stakeholder measures. • To align with the long-term interests of shareholders and help participants build a significant stake in the business over time, by awarding a material part of the annual incentive in deferred equity.	• Targets for measures set at the beginning of the financial year. • Cash awards paid following the end of the financial year. • Deferred share awards normally vest after three years, subject to continued employment. • Malus provisions apply to unvested deferred shares and clawback provisions apply to cash awards as set out below.	• Up to 200% of base salary (up to 50% of maximum paid in cash and the remainder is paid in deferred share awards). • The maximum bonus for 2020/21 for the current Executive Directors will be 170% of base salary. Any increase beyond this level in future years will only be applied in exceptional circumstances and will be at the discretion of the Committee.	• Awards are payable based on a mix of underlying profit performance, business performance measures and growth objectives. Performance measures under each area are determined annually and the Committee is able to adjust the weighting of the areas annually based on prevailing business needs. However, the underlying profit performance will represent no less than 50% of the total award at any time. Other measures will be objective and, when possible, externally benchmarked leading indicators of future financial performance will be used. Normally around 25% of the maximum incentive is paid for threshold performance, with around 50% paid for on target performance and the full incentive payment being paid for delivering stretch performance. These vesting levels may vary from year to year. • The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall company performance. • For 2019/20, the weighting of the annual incentive award (with a maximum opportunity of 167% of base salary) will be based on 50% underlying profit performance, 20% for growth objectives and 30% for a number of financial, customer and team measures.
Changes from previous policy • Increase in maximum opportunity from 167% of base salary to 200% of base salary in order to give the Committee the necessary flexibility and headroom over the three year life of the Policy.				
Restricted Share Plan (RSP)	• To enable the growth strategy in both the UK and Germany, which requires different strategies and approaches • To promote long-term value creation rather than focussing on specific targets at a time when the Executive Directors need to balance investment and growth. • To retain Executive Directors throughout an important time for the business to deliver the growth strategy.	• The first grant will be made in Whitbread's 2020/21 financial year. • Awards normally vest after a period of at least three years, subject to one or more performance underpins and continued employment. • After vesting there will be an additional holding period during which vested shares cannot be sold, such that the combined underpin measurement period and holding period is at least five years. • Subject to clawback and malus provisions as set out below. • Dividend equivalents may be provided on vested awards during a holding period.	• Annual awards to a maximum of 125% of base salary in respect of each financial year. • The normal maximum grant for 2020/21 for the current Executive Directors will be 125% of base salary for the CEO and 110% of base salary for the FD and HRD. Any increase beyond this level for the FD and HRD will only be applied in exceptional circumstances and will be at the discretion of the Committee.	• Vesting will be subject to two or more performance underpins, which will be disclosed at or around the time of grant in the DRR. Where there are two underpins, if one of the underpins is not met, then up to 50% of the award will lapse. If both underpins are not met, then up to 100% of the award will lapse, subject to the overall discretion set out below. • For the first grant the underpins are intended to be based on the Company's average lease-adjusted net debt to funds from operations leverage ratios and the Company's average return on capital employed for the UK business over the 3 year period to the end of the 2022/23 financial year. • The Committee may vary the underpins in future years in order to align with the Company's strategy, but will always include objective financial metrics, which will be disclosed prospectively at or around the time of grant, in the DRR. • It is anticipated that all performance underpins applicable to awards will be equally weighted although the Committee retains the discretion to adjust the weighting of any underpins in future years. • In addition, the Committee will have general discretion to determine the most appropriate vesting levels if it believes this will better reflect the underlying financial performance of the Company over the period and such other factors as it may determine.

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Changes from previous policy The RSP replaced the previous performance based Long-Term Incentive Plan ("LTIP"). The RSP aligns to all three of our strategic priorities for the Company. It allows us to grow and innovate in the UK whilst investing and accelerating growth in Germany. The RSP aligns directly with long-term value creation rather than specific targets, at a time when management need to balance investment and growth.				
Sharesave Scheme	• To encourage long-term shareholding in the Company	• Annual invitation to all employees, including the Executive Directors • Option price calculated by reference to the market price discounted by 20% on the invitation date. • Options granted subject to participant agreeing to save over a three and/or five-year period.	• Consistent with prevailing HMRC limits, currently savings limited to £500 per month.	• None.
Changes from previous policy None.				
Pension	• Pension benefits are provided in order to offer a market competitive remuneration package that is sufficient to attract and retain executive talent.	• Executive Directors are entitled to participate in the Company's pension scheme (or other pension arrangements relevant to their location if based overseas). • Defined contribution scheme. • Can elect for cash in lieu of pension contributions.	• 25% of base salary (maximum of 10% for new joiners although the actual level will be determined based on all relevant factors at the time of appointment, including having regard to the pension contribution rates available to the majority of the workforce). • Contribution rates of incumbent Executive Directors will phase down to 15% of base salary over three financial years, with the first reduction in May 2020 to 21.5%. At the end of the three year Policy period, the Committee will review the pension levels further.	• None.
Changes from previous policy Pension contribution rates for new joining Executive Directors have been reduced to 10% in order to bring them in line with the wider workforce. Contribution rates for incumbent Executive Directors are being phased down over the next three years to 15% of salary with the first reduction in May 2020 to 21.5%. At the end of the Policy period, the Committee will review the pension levels further.				
Chairman and Non-executive Director fees	• To attract and retain a Chairman and Non-Executive Directors of the highest calibre.	• The Chairman receives an annual fee and the Non-Executive Directors receive a base fee, with additional fees for acting as the Senior Independent Director or for chairing, or being a member of, the Audit or Remuneration Committees or any other board committee as may be constituted from time to time. • The Chairman and Non-Executive Directors are entitled to claim all reasonable expenses, and the Company may settle any tax incurred, but do not receive any other fees or remuneration in connection with their roles at Whitbread.	• The fees are reviewed annually by the Board (excluding the Non-Executive Directors), taking into account a range of factors including the time commitment required of the Directors, the responsibilities of the role and the fees paid by other similar companies.	• None.
Changes from previous policy None.				
Elements of previous policy which will continue to apply at all times including until when the final award is due to vest in 2020. No future awards will be granted to the Executive Directors under the LTIP.				
Long-Term Incentive Plan (LTIP)	• To align the interests of Executive Directors closely with sustainable long-term shareholder value creation. • To focus rewards on both the sustained delivery of absolute long-term earnings growth and the efficient use of capital over the long term. • To retain and motivate Executive Directors over the performance period of the awards and beyond.	• The 2018 and 2019 LTIP grants were replaced by a one-off grant under the Performance Share Plan — see detail after this table. • Awards vest after three years subject to performance conditions. • Two-year holding period post-vesting. • Subject to clawback and malus provisions.	• Annual awards to a maximum of 200% of base salary.	• Performance measures and weightings are EPS and ROCE, equally weighted. For threshold performance, 20% of the award vests and for maximum performance, 100% of the award vests.

The Performance Share Plan (PSP) Award (one-off award) vested on 3 January 2019 and has therefore not been included in the policy table for 2019. The award is subject to a two year holding period.

Share-based awards under the AIS, LTIP and RSP may:

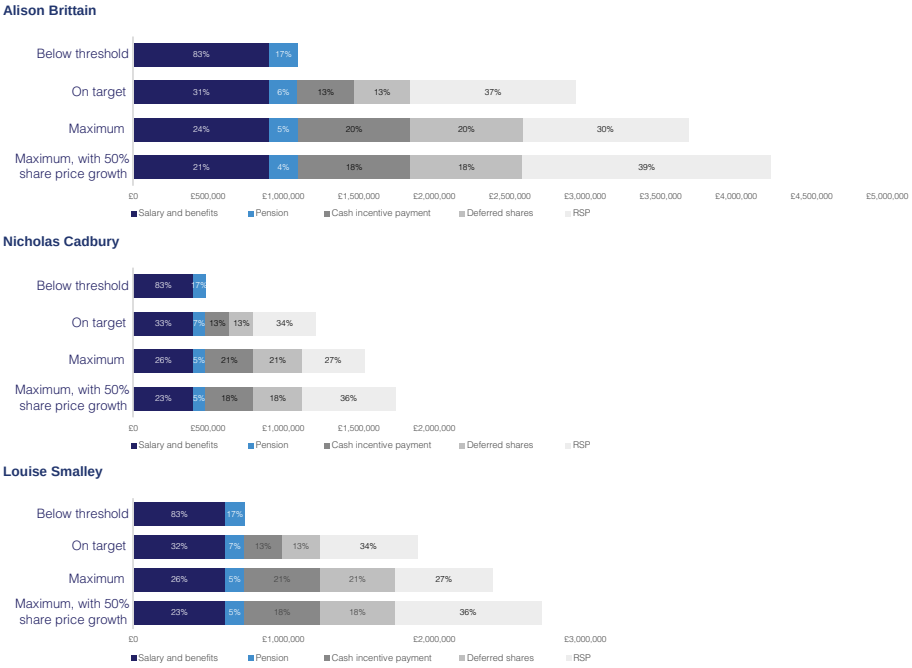
a) be delivered as nil-cost options, forfeitable shares, conditional share awards or equivalent cash-settled instruments; and

b) be adjusted in the event of any variation of the Company's share capital or any other circumstances the Committee considers it appropriate.

Illustration of application of remuneration policy

The graphs below show how the Policy will be applied in 2020/21, with details of expected remuneration levels for each Director for below threshold performance, for on-target performance and for maximum performance.

Executive Directors—potential value of 2020/21 package



The below sets out the assumptions used in the above scenario charts:

Below threshold	On target	Maximum
• Only the fixed pay elements are received (base salary and pension). • Benefits are included at the value in the 2018/19 single figure table and pension is calculated as 21.5% of each Director's base salary. • Base salaries of the three Directors are £877,000, £596,000 and £394,000 for the CEO, FD and HRD respectively.	• Fixed pay elements plus target annual bonus and RSP. • On target pay for the annual incentive award has been included at 50% of the maximum award (170% for each Director). • On target pay for the RSP has been included at 100% of the 2020/21 maximum award (125% of salary for the CEO and 110% of salary for the FD and HRD).	• Fixed pay elements plus maximum annual incentive award and RSP, with values as set out to the left. • An additional scenario sets out the value of the RSP assuming a 50% increase in share price between grant and vesting.

Performance measures

With the exception of base salary, benefits, pension and participation in the Sharesave scheme, all other elements of the remuneration packages of the Executive Directors are linked to performance. The RSP is subject to performance underpins, which if not met, may cause an award to be reduced.

Annual Incentive Scheme

The performance measures and targets for the Annual Incentive Scheme are selected annually to align with the business strategy.

There are a number of types of measure used to determine the level of awards under the scheme. There is a profit measure, other financial or strategic measures and some strategic growth objectives. The growth objectives will be quantitative measures linked to individual responsibilities in the context of our strategic objectives and will be reviewed in advance by the Committee. Targets are set taking into account the business plan, and the link between targets and the Group's strategy can be seen on pages 72 and 73 of the Annual Report and Accounts 2018/19.

Restricted Share Plan

The RSP has been introduced to enable the growth strategy in both the UK and Germany, to support shareholder alignment through direct exposure to share price and to retain Executive Directors throughout an important time for the business to deliver the growth.

The RSP awards to be granted in 2020/21 will be subject to the following performance underpins:

- the Company's average Lease-adjusted net debt to Funds From Operations leverage ratio being less than 4.5x; and
- the Company's average Return on Capital Employed for the UK business to be at least equal to the weighted cost of capital plus 1%.

These underpins have been set taking into account the business plan and the Group's strategy as set out on pages 72 and 73 of the Annual Report and Accounts 2018/19 so as to protect against a payment for failure.

Malus and clawback

Malus and clawback provisions apply to the LTIP and RSP for the duration of the vesting period and for two years following vesting respectively, which can result in a reduction of the award (including to zero). Malus and clawback provisions apply to the deferred annual bonus and cash portion of the bonus respectively for the duration of three years from the date of the award (or, if earlier, in the case of a deferred share award, the date of vesting).

Malus and clawback can be triggered where, in the opinion of the Committee, there are exceptional circumstances including: (i) a material misstatement of results; (ii) misconduct on the part of the participant; (iii) where the participant is deemed to have caused a material loss for the Company and/or the Group as a result of (a) reckless, negligent or wilful actions or (b) inappropriate values or behaviour; or (iv) where there has been an event that has caused, or is likely to cause material reputational damage to the Group; (v) an error in assessing the performance conditions or underpin that result in the award vesting/bonus being awarded to a greater degree than would have been the case had that error not occurred; or (vi) insolvency or corporate failure.

For awards already granted, malus and clawback provisions as in place at the time of that grant will continue to apply.

Shareholding requirements

The CEO is required to build and hold a shareholding at least equal to 300% of salary, whilst the other Executive Directors are expected to reach a holding equal to the value of 200% of salary. Until they reach this level, Executive Directors are expected to retain 100% of vested awards (after the deduction of income tax, national insurance contributions and dealing fees). In addition, a newly appointed Executive Director is expected to build a shareholding in the Company during the vesting of any share awards. The failure to adhere to these requirements may lead to the Executive Director being excluded from participation in future share plan awards.

Shares held outright (including by a connected person) count towards the shareholding requirement. In addition, any vested but unexercised options, deferred bonus shares or vested LTIP, RSP or PSP share awards subject to a holding period count towards the shareholding requirement on a notional net of tax basis. Any awards still subject to performance conditions, including awards subject to a performance underpin under the RSP, cannot count towards a shareholding requirement.

Additionally, Executive Directors will continue to have shareholding requirements post-cessation. It will be a term of grant of all future deferred bonus and RSP awards that the award cannot be exercised if an individual is not, at that point in time, meeting their post-cessation shareholding requirement.

The post-cessation shareholding requirements have been set at:

- 100% of the normal shareholding requirement for the first year post-cessation of employment;
- 50% for the second year post-cessation of employment; and
- 25% for the third year post-cessation of employment.

In cases where the individual has not had sufficient time to build up shares to meet the above levels, the requirement is set at the individual's actual level of shareholding at cessation of employment. The Committee retains the flexibility to waive the post-cessation shareholding requirements in certain exceptional circumstances.

The Committee recognises that it will be unable to enforce the post-cessation shareholding requirement by restricting the sale of shares vesting under share awards where the awards have already been granted to the Executive Directors, as no such

conditions were part of these awards when granted and the Committee believes it is inappropriate to retrospectively amend these. The Committee has therefore decided to establish transitional arrangements for the current Executive Directors whereby post-cessation shareholding requirements will build as future awards (i.e. those granted under this Policy) vest. Any newly appointed Executive Directors will be subject, in full, to the post-cessation shareholding requirement.

Changes to the Policy in 2019/20

The primary change to this Policy as detailed in the Policy table is the introduction of the RSP in place of the current LTIP, and increased quantum for the maximum annual incentive award (although as noted on page 14, annual incentive awards for the 2020/21 year will still not exceed 170% of salary). Reductions to the pension contribution rates for both new and incumbent Executive Directors are proposed under the new Policy, in order to bring them in line with the wider workforce, and to introduce formal post-cessation shareholding requirements. Other minor wording changes have been made including to the malus and clawback provisions.

Service contracts and external appointments

The key terms of the Executive Directors' service contracts are as follows:

- notice period — six months by the Director and 12 months by the Company;
- termination payment — see policy on payment for loss of office below;
- sickness — full salary for a maximum of 12 months in any three-year period or for a maximum of nine consecutive months; and
- non-compete — for six months after leaving or being put on garden leave.

The dates of the Executive Directors' service contracts are as follows:

Alison Brittain	21 May 2015
Nicholas Cadbury	3 September 2012
Louise Smalley	25 October 2012

The Executive Directors are entitled to retain fees from external directorships.

Policy on payment for loss of office

Base salary and contractual benefits

All of the Executive Directors have a rolling service contract with a 12-month notice period from the Company. The Company may make a payment in lieu of notice to include up to 12 monthly payments of base salary and the cash equivalent of pension contributions. The Company may also either allow for contractual benefits to continue during this time or, at its sole discretion, pay the value of those benefits on a monthly basis. Neither notice nor payment in lieu of notice would be given if an Executive Director is summarily dismissed for reason of gross misconduct.

An Executive Director is under a contractual duty to mitigate his or her position by actively seeking an alternative remunerated position and the Company will make a corresponding reduction in any payment in lieu of notice. Where a payment in lieu of notice is not applicable, the payment of salary and contractual benefits would cease on the individual's leaving date.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

Annual Incentive Scheme

If an Executive Director leaves the Company for a 'permitted reason' under the rules of the scheme (redundancy, death, the sale of his employing company or business out of the Group, injury, ill-health or disability or if the Committee decides to apply 'good leaver' status in accordance with the discretion outlined later in the "Remuneration Committee discretion" section of this Policy), the default position would be that unvested deferred share awards would vest on the date of leaving and a time pro-rated cash award would be made for the incentive year in which cessation of employment occurs. No new deferred share awards would be granted in respect of any Annual Incentive Scheme award made after the Executive Director leaves the Company, and the Executive Director would receive a time pro-rated cash payment in lieu of the deferred share awards. Notwithstanding the above, the Committee has the discretion to make a deferred share award for the incentive year in which cessation of employment occurs, with any such award due to vest at the same time as the awards made to continuing employees for that year and for unvested deferred bonus awards to vest as if the Executive Director had not left the Company.

If an Executive Director leaves the Company for any other reason, 25% of an outstanding deferred share award would vest if the leaving date was between one and two years from the date of grant and 50% of an outstanding deferred share award would vest if the leaving date was between two and three years from the date of grant. Any other unvested deferred share awards would lapse on the date of leaving. The Executive Director would receive no cash incentive payment for the financial year in which they leave, and no deferred share awards would be awarded.

In the event that an Executive Director was to leave the Company by reason of gross misconduct, or in circumstances in which the reputation of the Company is materially damaged, the malus provisions may be applied, in which case, no deferred shares would vest.

In the event of a change of control of the Company, deferred bonus awards will normally vest at that point unless the Committee determines otherwise e.g. a replacement award is granted by the acquiring company. For in year schemes, no new deferred share awards would be granted, and the Executive Director would normally receive a pro-rated cash payment in lieu of the deferred share awards, assuming that the performance metrics had been fully satisfied.

Long-Term Incentive Plan and Restricted Share Plan

If an Executive Director leaves the Company for a 'permitted reason' under the rules of the plan (redundancy, death, the sale of his employing company or business out of the Group, injury, ill-health or disability or if the Committee decides to apply 'good leaver' status in accordance with the discretion outlined in the "Remuneration Committee discretion" section of this Policy), the default position would be that any unvested LTIP or RSP awards would be pro-rated for time served (over the relevant performance/underpin measurement/vesting period) unless the Committee determines otherwise. For LTIP awards, performance would normally be tested at the end of the performance period and the awards would normally vest at the same time as for continuing employees unless the Committee determines otherwise. The extent to which unvested RSP awards vest would be determined by the Committee taking into account the performance underpins, the underlying financial performance of the Company and any other factors the Committee considers appropriate and the awards would normally vest at the original vesting date, unless the Committee determines otherwise. If the participant died, awards will normally be allowed to vest (subject to the factors set out above) on the date of death.

If an Executive Director leaves the Company for any other reason, any unvested LTIP or RSP awards would lapse at the date of leaving.

Vested, but unexercised, LTIP and RSP awards (including those subject to a holding period) would normally be exercisable up to the later of six months from the date of leaving or six months from the end of the holding period. However, if the Executive Director is summarily dismissed for gross misconduct, the award would lapse.

In the event that an Executive Director was summarily dismissed for gross misconduct or was to leave the Company in circumstances in which the reputation of the Company is materially damaged, the Committee would consider the application of the clawback and/or malus provisions to which the awards were subject.

In the event of a change of control of the Company, unvested LTIP awards will normally vest subject to the satisfaction of performance conditions (unless the Committee determines otherwise, having regard to the underlying financial performance of the Company over the relevant period and such other factors as they may consider relevant). The vesting of LTIP awards will also normally be reduced on a time pro-rated basis (unless the Committee determines otherwise). In the event of a takeover or winding-up of the Company, unvested RSP awards will typically vest to the extent determined by the Committee taking into account (i) the Committee's assessment of the relevant performance underpins; (ii) the underlying financial performance of the Company; and (iii) such other factors as it considers relevant. RSP awards will (unless the Committee determines otherwise) be reduced on a time-apportioned basis, normally by reference to the proportion of the underpin measurement period (or if the Committee determines, the vesting period) that has elapsed. In determining whether an Award should not be time pro-rated the Committee will take into into account: (i) the performance of the Company during the vesting period; (ii) the Company's share price performance during the vesting period; (iii) the amount of consideration from any buyer; and (iv) such other factors as it considers relevant.

Approach to remuneration on recruitment

Our approach to recruitment is that remuneration should be set in line with the policy table set out above. Whilst we would not seek to vary this approach there may be circumstances in which it is necessary to do so.

On the appointment of a new Executive Director, base salary levels will be set taking into account a range of factors including experience and expertise, internal salaries, market levels and cost. If an individual is appointed on a base salary below the market positioning contingent on individual performance, the Committee may realign base salary over the one to three years following appointment which may result in a higher than normal rate of annualised increase, with any such increase aligned to internal policies. If the Committee intends to do so, it will be noted in the first Directors' Remuneration Report following an individual's appointment.

Other elements of annual remuneration will be set in line with the Policy set out in the policy table. As such, variable remuneration will be capped at 200% of salary under the Annual Incentive Scheme. If a new Executive Director is recruited, they can be granted an award under the RSP, the maximum

opportunity of which will be 125% of salary. The following exceptions will apply:

- as deemed necessary and appropriate to secure an appointment, the Committee is able to make additional payments linked to relocation; and
- the Committee may also make an additional award of cash or shares in connection with the appointment of a new Director in order to compensate for the forfeiture, or the loss of value in respect of all or part, of an award from a previous employer. Such awards would be on a comparable basis, taking account of performance, the proportion of the performance period remaining and the type of award. The Committee will normally set appropriate performance conditions and vesting would generally be over a similar timeframe to the relevant awards from the previous employer. The Committee would take into account the strategy at Whitbread and may also require the appointee to purchase shares in Whitbread to a pre-agreed level prior to vesting.

Service contracts will be entered into on terms similar to those for the existing Executive Directors, summarised in the service contracts and external appointments section. However, if necessary, the Committee would authorise the payment of a relocation allowance and repatriation, as well as other associated international mobility terms or agree terms appropriate to the local market for an Executive Director based overseas.

With respect to the appointment of a new Chairman or Non-Executive Director, the approach will be consistent with that currently adopted. Variable pay will not be considered and as such no maximum applies. With respect to Non-Executive Directors, fees will be consistent with the Policy at the time of appointment. If necessary, to secure the appointment of a new Chairman not based in the UK, payments relating to relocation and/or housing could be considered.

A timely announcement with respect to any Director appointment will be made to the regulatory news services and posted on Whitbread's website.

Comparison of executive remuneration policy with wider employee population

This section of the Policy describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population.

Base salary

The base salaries of all employees, including the Executive Directors, are subject to annual review. Under normal circumstances, the annual increase in salary for an Executive Director will be in the same range as the increase for employees across the Group.

Benefits

Approximately 550 employees across the Group are entitled to a company car or cash in lieu of a company car. The scheme is structured so that the level of the allowance is on a sliding scale with employees on higher grades receiving a larger allowance. The Executive Directors are no longer entitled to a company car under this scheme but are entitled to receive cash in lieu of a car.

Approximately 1,900 employees are entitled to participate in the Group's private healthcare scheme, with 750 of these, including the Executive Directors, entitled to family cover. In addition, a small number of senior executives, including the Executive Directors, are entitled to annual health screening.

All employees receive discounts on Company products, but the Executive Directors have waived their right to this benefit.

Whitbread's Sharesave scheme is a standard HMRC approved SAYE scheme. It is offered to all UK employees, including the Executive Directors, on equal terms. The Company has shareholder approval to extend its share schemes overseas and the Committee has the ability to establish a Sharesave scheme outside of the UK in the future.

Annual Incentive Scheme

Approximately 1,200 employees are eligible to receive an annual incentive payment linked to the achievement of profit and WINcard targets. The maximum opportunity is dependent on role. As employees progress into more senior roles, the maximum payment that can be achieved rises to 40%. Approximately 50 executives, including the Executive Directors, are entitled to participate in the Annual Incentive Scheme, with maximum pay-outs split between cash and deferred share awards, ranging from 60% to 200% of base salary.

Approximately 120 employees, including the Executive Directors, are given individual strategic objectives in addition to the profit and WINcard targets mentioned above.

Long-Term Incentive Plan and Restricted Share Plan

Approximately 30 executives, including the Executive Directors, participate in the LTIP and may participate in future in the RSP. These plans are not available to the wider employee population, although the Sharesave scheme provides employees with a form of long-term incentive.

Pension

Like all employees, the Executive Directors are entitled to participate in the Company's pension scheme. The scheme is a defined contribution scheme. Employees below the executive level are able to choose a contribution rate of between 5%

and 10% and have this matched by the Company. Approximately 35 executives receive between 15% and 20% of basic salary from the Company, which can be allocated to the individual's pension or taken as cash. Employees who do not choose to participate may be automatically enrolled with contributions in line with the automatic enrolment regulations.

The policy on pension contributions for Executive Directors is that there is an upper limit for Company contributions of 25% of salary. This year, the upper limit for new joiners was reduced to 10%. This contribution can be allocated to the individual's pension or taken as cash. Please refer to page 15 for the Company's policy to reduce pension contributions for current Executive Directors over time.

Consideration of shareholder views and summary of decision making process

In July 2019, we consulted with our largest investors on potential changes to our remuneration structure, following the disposal of Costa. As a result of feedback from this consultation, the Committee met in August 2019 and determined that the most appropriate remuneration structure was to remove the LTIP, to be replaced with the RSP with suitable performance underpins. The Committee is grateful for the input and insights provided during this consultation and we have listened to a wide range of views in developing the final design. We then consulted with major shareholders as well as Glass Lewis, ISS and the Investment Association on the full Policy in September 2019. Whilst the Committee took input from Whitbread management on certain elements of the Policy, the final decision on the design of the Policy was taken by the Committee members alone and thus avoiding any conflict of interest.

Legacy matters

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Company's first shareholder-approved directors' remuneration policy came into effect (ii) before this Policy came into effect if the terms were in line with the Company's shareholder-approved directors' remuneration policy in force at the time those terms were agreed or (iii) 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, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Remuneration Committee discretion

The Committee retains the discretion to apply 'good leaver' terms to leavers in respect of both the Annual Incentive Scheme, the LTIP and the RSP. In exercising its discretion, the Committee must consider the individual circumstances in the particular case and must not exercise its discretion in a way which would be discriminatory on grounds of sex, race, age or any other protected characteristic within the meaning of Section 4 of the Equality Act 2010.

The Committee must also, so far as it is able to do so, exercise its discretion in a way which is consistent as between individuals who are in the same position.

Under the rules of the Annual Incentive Scheme, if 'good leaver' terms apply, any deferred share awards normally vest in full on the date of leaving and may be exercised within six months. Under the rules of the LTIP and the RSP, the award would normally vest subject to the satisfaction of performance conditions (in the case of the LTIP) and underpins (in the case of the RSP) measured, at the end of the period originally set (unless the Committee determines otherwise). The number of shares vesting would normally be on a pro-rata basis taking account of the proportion of the relevant period that the individual had been employed within the Group (unless the Committee determines otherwise). The extent to which RSP awards vest would also be subject to the Committee's discretion (mentioned above) to determine the level of vesting based on the underlying financial performance of the Company and such other factors it considers appropriate.

Vested but unexercised awards (including those subject to a holding period (under the RSP) are exercisable for six months from the later of the end of any relevant holding period and the date of termination.

The Committee sets the performance targets for the LTIP and Annual Incentive Scheme and the underpins for the RSP. The Committee may change a performance target or underpin from time to time to take account of legal changes or to obtain or retain favourable tax, regulatory or exchange control treatment or in the event that it considers it fair and reasonable to do so. Any change to an existing performance target under the LTIP or underpin under the RSP must not have the effect, in the opinion of the Committee, of making the target or underpin materially easier or materially more difficult to achieve than it was when the award was initially granted.

The Committee has the discretion to override formulaic outcomes under the Annual Incentive Scheme and RSP, where it considers it would be appropriate to do so to better reflect overall company performance.

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