REMUNERATION REPORT

Remuneration report

FRANK FISKERS
CHAIRMAN, REMUNERATION COMMITTEE

It has been a busy and interesting year for the Remuneration Committee, with a new directors' remuneration policy together with the new Restricted Share Plan (RSP) being approved at a general meeting in December 2019, following an extensive consultation with investors.

At the beginning of 2020, I took over the Chair of the Remuneration Committee, succeeding Deanna Oppenheimer, who I am pleased to say remains a member of the Committee. I would like to thank Deanna both for the way in which she has led the Committee through the policy review and for her help and advice as she has handed the reins to me.

I strongly believe in the alignment of interests between executives and stakeholders, with remuneration structures being directly linked to performance and being appropriate to incentivise the delivery of the Company's strategy and to recruit and retain the right calibre of executive. I, and my colleagues on the Committee, have a determination to ensure that executives are properly rewarded for performance and not for failure.

COVID-19

I write this report as we are all in the midst of the COVID-19 pandemic and, as you will have read elsewhere in this Annual Report, it has had a significant impact on Whitbread's business. I and my colleagues on the Committee have considered the potential implications of the current crisis and have taken a number of steps to ensure that our remuneration policies are implemented appropriately during this unprecedented period.

When assessing the most appropriate way to deal with executive remuneration during this crisis we have carefully considered how best to ensure that Whitbread is best positioned to rebuild shareholder value once the crisis subsides. The management team is highly regarded and has been sure-footed in its response so far. The Committee believes that retaining and motivating this management team is critical in preserving shareholder value and the continuity of the business for Whitbread's teams and guests.

Of course, we recognise that everyone needs to play their part in sharing the current burden and we have carefully considered recent Investment Association guidance regarding executive remuneration in circumstances that companies, such as Whitbread, are unable to pay a dividend, should consider adjusting incentive outcomes.

The Committee believes that the package of measures announced in early April, and summarised below, is an entirely appropriate and responsible approach and aligns with stakeholder interests.

Our view is that the 2019/20 incentive scheme related entirely to performance prior to the lockdown and closure of Whitbread's businesses. It was properly earned and should be paid as usual, except that, as announced in April, the cash element will be settled in shares rather than cash. The executive directors have confirmed that they will retain these shares into the next calendar year as a minimum.

For the 2020/21 incentive scheme, we had established targets prior to the COVID-19 lockdown coming into force in the UK and those targets had assumed a full year of unadjusted profit performance. As a result of the COVID-19 situation, profit performance will be impacted and therefore that element of the bonus plan, accounting for 50% of the scheme will not be payable in 2021. The Committee will remain close to the expectations of the Company's shareholders when reviewing business performance in relation to the remaining targets and determining the appropriate FY2021 bonus outcomes.

The Committee is seeking to strike the right balance between retaining and motivating a high quality team to steer Whitbread through this crisis and emerge in a competitively advantaged position, with the need to act fairly across all stakeholder groups, including shareholders, management and employees.

Accordingly, a summary of the key remuneration-related steps which we have taken is as follows:

- the executive directors volunteering to take a temporary 30% reduction in base salary;
- the Chairman, non-executive directors and the senior management team volunteering to take a temporary 20% reduction in their base fees or base salaries;
- all directors waiving their rights to the usual May pay review;
- cash incentives under the 2019/20 Annual Incentive Scheme to be settled in shares, to be retained into the next calendar year as a minimum, to help protect the Company's cash position, with the 2020/21 scheme being kept under review to ensure alignment with strategic imperatives;
- no downwards adjustment to the pre-pandemic profit targets for the 2020/21 financial year;
- a commitment to reviewing the 2020 RSP awards to ensure that executives do not receive undue windfalls as a result of the low share price at the current time; and
- a commitment to review the RSP underpins to ensure that they remain appropriate once the current crisis subsides.

When taking these steps, the Committee closely considered how the pay of the wider Whitbread workforce has been impacted by the crisis. In particular, the Committee noted that all other Whitbread employees are currently receiving full pay, with Whitbread topping up the Government's Coronavirus Job Retention Scheme to ensure that all furloughed staff are receiving one hundred per cent of their pay. This top up includes the Government determined pay increases for hourly paid team members in April 2020, even though Whitbread is not eligible to reclaim these increases under the job retention scheme.

In addition, following the closure of around 800 hotels across the UK, the Company has made 39 hotels (representing approximately 5,000 rooms), including the London Docklands Excel Premier Inn, available exclusively to key workers including NHS staff. All team members volunteering to work at the open hotels are receiving increased rates of pay.

We will continue to take any actions we believe are right in order to both protect the interests of shareholders and ensure that executives are appropriately incentivised to steer the Company through the present crisis and to deliver on the strategic priorities over the longer term.

The new policy

The main changes introduced in the new policy were to the Company's long-term incentive arrangements, while we also took the opportunity to update the policy to take account of the new UK Corporate Governance Code.

We spent a number of months in discussion with our largest investors as well as with organisations such as Glass Lewis, the Investment Association and ISS. In advance of the shareholder vote, we spoke to around 60% of our shareholder base, on occasions several times, and I took part in a number of these calls myself as I transitioned into the role of Chairman of the Committee. I would like to thank all those that took part for their time in helping us shape the new policy.

The feedback on our proposals was varied, with different investors having different and sometimes opposing ideas about how we should proceed. Some shareholders simply do not like restricted share plans whereas others support them, some shareholders felt that the quantum proposed was either too high or too low, and others felt that there should be stronger performance conditions attached to the scheme. The Committee felt that the share scheme proposed was the most appropriate structure for our strategic context but we fully appreciated that, whichever course we chose, we would not receive universal support for the new policy.

The new policy proposed included the replacement of the Long Term Incentive Plan with a new Restricted Share Plan alongside new post-cessation shareholding requirements, plans to reduce the pension contributions for the executive directors and some strengthening of the malus and clawback provisions for the incentive schemes.

The new policy, and the new share scheme, were approved by shareholders with around 70% support. We would have preferred a higher level of support for the plan, but given the range of views on the scheme we proposed, this level of support was in line with the Committee's expectation. Since then, the Chairman has undertaken a round of meetings with major shareholders, to understand any residual concerns, which have been fed back to the Committee and to the Board. No changes are being proposed as a result.

REMUNERATION REPORT
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The RSP

Many of you will already have read the rationale for the new Restricted Share Plan in the documentation for the December general meeting, but for those that may not have done, I wanted to briefly repeat it here.

When reviewing Whitbread's remuneration structure following the sale of Costa, the Committee concluded that the RSP was the best structure to create long-term alignment with the interests of shareholders, and to incentivise management to make decisions for the long-term benefit of Whitbread, maintaining focus through any short-term uncertainty and trading volatility.

The hotel sector is inherently cyclical and Whitbread is 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 to be either very high or very low.

The RSP has underpinning conditions and aligns directly with long-term value creation rather than focusing on specific targets, at a time when management needs to balance investment and growth. We therefore believe 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 Whitbread will continue to invest significant sums of capital in the business, in order to deliver on its clear strategy for growth. For the RSP awards to be made in 2020, the Committee will, at some stage, review the underpins in the light of the impact of COVID-19 on the business to ensure that they are appropriate and will disclose full details of any decisions made.

Rewards linked to performance

Whitbread produced a resilient financial performance during the year in challenging market conditions. Profit before tax was down 8.2% to £358 million and UK return on capital declining 210bps to 11.2%, due to weaker UK market conditions and sector-wide inflation.

From a strategic perspective, Whitbread successfully completed the acquisition of Foremost Hospitality Group in Germany and achieved its target to generate £150 million of efficiency savings two years earlier than initially planned. It was also a positive year for key team and customer measures.

As a result of this performance, the executive directors will receive payouts under the Annual Incentive Scheme of between 55.4% and 56.6% of maximum. In addition, the 2017 LTIP has vested at 36.0% of maximum. More details of how these payouts were achieved can be found later in this report.

The Committee believes that these levels of payout are appropriate in the context of the Company's performance and the challenging environment in which it has been operating and no discretion was exercised.

The year ahead

The first priority for the Committee in the year ahead is get through this current period and to help management and colleagues to navigate this unprecedented time. Once the COVID-19 crisis abates, we will continue to focus on implementing the newly approved policy in a way that incentivises the executive team to deliver on the Company's strategic priorities.

A broader view

In line with the new Corporate Governance Code, a focus for the Committee in the year ahead is to ensure that we further develop our understanding of the views of the wider Whitbread team on executive remuneration and on remuneration structures across the Company. We had a good discussion about this at the full Board meeting in November 2019 and, more recently, at the Remuneration Committee meeting in March this year. We have plans in place to take this forward and will report on our progress this time next year.

Frank Fiskers
Chairman, Remuneration Committee
21 May 2020

2019/20 remuneration linkage to strategy

Key

AIS Annual Incentive Scheme
ISO Individual Strategic Objective
IW Incentivised WINcard measure
P Profit measure
LTIP Long Term Incentive Plan

Innovate and grow in our core UK businesses

- AIS ISO – Premier Inn room growth
- AIS ISO – Effective workforce planning

Winning Teams

- AIS IW – Operational team retention
- AIS ISO – Succession planning

Focus on our strengths to grow internationally

- AIS ISO – Increase German hotel pipeline

Customer Heartbeat

- AIS IW – Premier Inn consumer share
- AIS IW – Restaurants net recommend
- AIS IW – Premier Inn net loyalty
- AIS IW – Like-for-like food and beverage covers

Enhance the capability to support long-term growth

- AIS IW – Delivery of cost savings
- AIS ISO – Optimisation of UK estate
- AIS ISO – Implementation of new organisation-wide operating model

Profitable Growth

- AIS P – Group profit
- AIS IW – Delivery of cost savings
- LTIP – EPS growth
- LTIP – Return on capital

REMUNERATION REPORT

Remuneration at a glance

Business performance

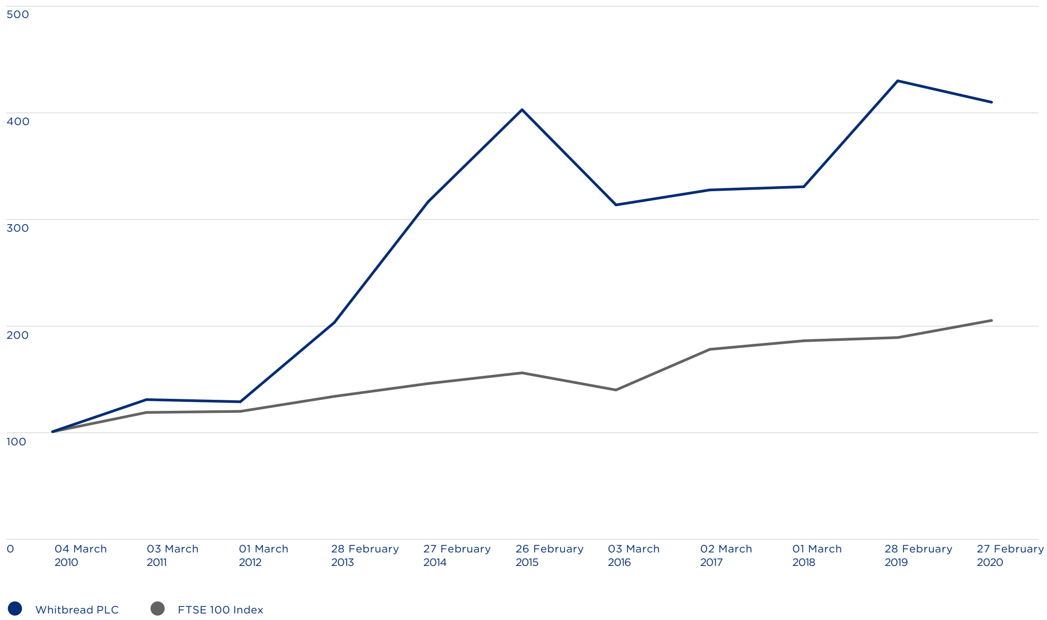
Financial measures

£358m
Adjusted profit before tax[1]

193.6p
Adjusted basic EPS[1]

11.2%
UK return on capital[1]

Total shareholder return



The chart looks at the value over ten years of £100 invested in Whitbread PLC on 4 March 2010 compared, on a consistent basis, with that of £100 invested in the FTSE 100 index based on 30 trading day average values. The FTSE 100 has been selected by the Committee as an appropriate comparator group due to Whitbread's position within the FTSE.

Team and customer measures

- **Operational team retention**
- **Premier Inn net loyalty**
- **Restaurants total net recommend**
- **Like-for-like food and beverage covers**
- **Premier Inn consumer share**

Operational team retention measures the proportion of employed team members retained over a three-month period reported throughout the financial year. The customer measures for Premier Inn net loyalty and Restaurants total net recommend are all on a net basis, with negative scores subtracted from positive scores.

For Premier Inn this is based on the YouGov BrandIndex and for Restaurants this is based on customer surveys.

The health and safety measure is based on the proportion of sites passing independent audits.

A green WINcard score is typically achieved where the performance is better than both previous year and target.

An amber score typically is for performance which is better than the prior year, but below target.

A red score usually signifies that performance is worse than the prior year and worse than target.

1 See glossary on page 202 for definitions of APMs.

Performance outcomes

Annual incentive Scheme (% of maximum for Chief Executive)

56.7%

2019/20	56.7%
2018/19	54.8%
2017/18	64.1%
2016/17	49.8%

Long Term Incentive Plan (% of awards vesting)

36.0%

2019/20	36.0%
2018/19	0%
2017/18	38.3%
2016/17	76.5%

Remuneration outcomes
Total remuneration (£'000)

Alison Brittain
Chief Executive

2,636

2019/20	2,636
2018/19	5,588
2017/18	2,371
2016/17	2,509

Share ownership

Shares	% of salary
34,638	513

Vested, but unexercised, share awards	Meeting requirement[1]
121,583	✓

Nicholas Cadbury
Group Finance Director

1,609

2019/20	1,609
2018/19	3,482
2017/18	1,455
2016/17	1,487

Shares	% of salary
7,795	314

Vested, but unexercised, share awards	Meeting requirement[1]
71,889	✓

Louise Smalley
Group HR Director

1,064

2019/20	1,064
2018/19	2,303
2017/18	967
2016/17	988

Shares	% of salary
23,707	578

Vested, but unexercised, share awards	Meeting requirement[1]
47,587	✓

1 Details of shareholding requirements can be found on page 95.

Remuneration policy

The new remuneration policy was approved by shareholders at a general meeting in December 2019 and can be found on the Company's website at www.whitbread.co.uk. A summary of the directors' remuneration policy is set out below.

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.
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, reimbursement of expenses for temporary accommodation, travel and legal and/or financial assistance.	– 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.

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.	– 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.

REMUNERATION POLICY
CONTINUED

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
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 focusing 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 in the full policy. – 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 three-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.

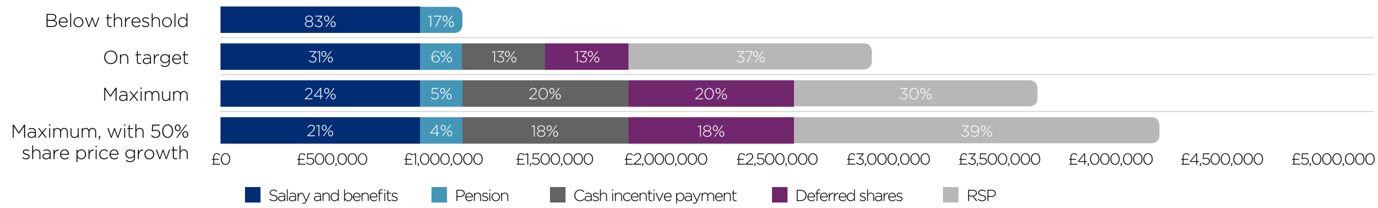
Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Sharesave scheme	– To encourage long-term shareholding in the Company.	– Annual invitation to all employees, including the executive directors. – Option price calculated by reference to the market price discounted 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.
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.

REMUNERATION POLICY
CONTINUED

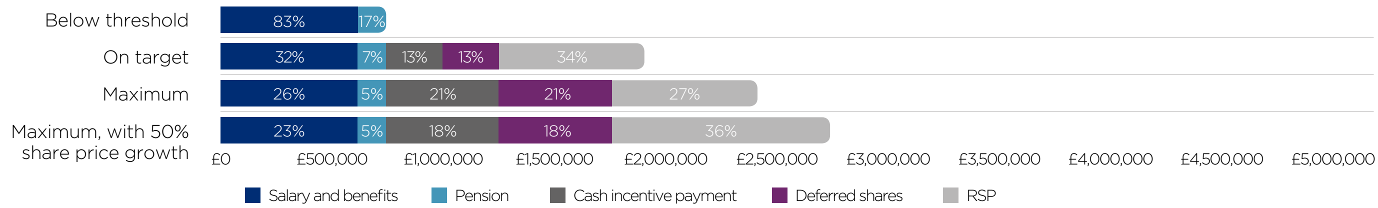
Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Chairman and non-executive director fees	– To attract and retain a Chairman and non-executive directors of the highest calibre.	– The Chairman receives an annual fee and the non-executive directors receive a base 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.

Executive directors – potential value of 2020/21 package

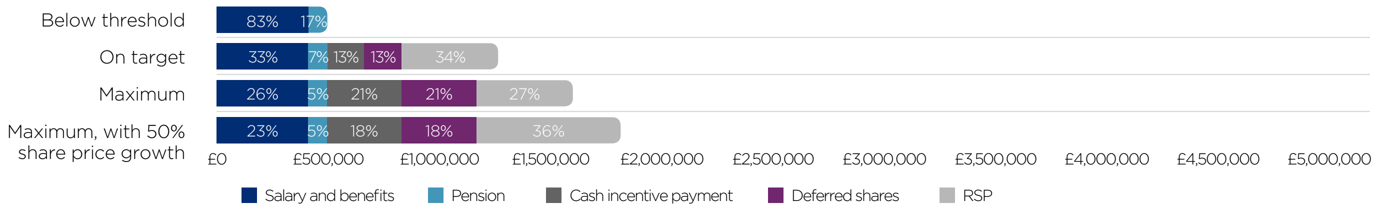
Alison Brittain



Nicholas Cadbury



Louise Smalley



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

Below threshold

- Only the fixed pay elements are received (base salary and pension).
- Benefits are included at the value in the 2019/20 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 Chief Executive, Group Finance Director and Group HR Director respectively – the temporary reductions in base salary due to the COVID-19 pandemic have not been taken into account in the illustrations above.

On target

- 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% of salary 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).

Maximum

- 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.

REMUNERATION REPORT

Annual report on remuneration

Remuneration Committee – membership

Name of director	Meetings attended and eligible to attend
Frank Fiskers (Chairman)[1]	4/5
David Atkins [2]	7/8
Adam Crozier	8/8
Richard Gillingwater	8/8
Deanna Oppenheimer	8/8

1 Frank Fiskers joined the Committee in June 2019, and became Chairman of the Committee in January 2020 when he succeeded Deanna Oppenheimer who stepped down as Chair on that date but remains a member of the Committee. Prior to becoming Chairman of the Committee he missed one meeting, which was scheduled at short notice and conflicted with a pre-arranged meeting elsewhere.

2 David Atkins missed one meeting, which was scheduled at short notice and conflicted with a pre-arranged meeting elsewhere.

Remuneration Committee – responsibilities

- Set the broad policy for the remuneration of the Chairman and members of the Executive Committee, including the executive directors.
- Within the terms of the agreed policy, determine the total individual remuneration package (including incentive payments, share awards and other benefits) of the Chairman and each executive director.
- Monitor the structure and level of remuneration of Executive Committee members.
- Approve the design of, and determine the targets for, executive incentive schemes.
- Approve awards to be made to executive directors and other senior executives under incentive schemes.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Review the alignment of incentives with the Company's wider culture.
- Obtain ideas and concerns from the wider workforce about reward and take into account workforce remuneration across the Company and externally when setting remuneration policy for the executive directors.

In carrying out its duties the Committee has taken into account the principles outlined in the UK Corporate Governance Code 2018. The Committee believes that the Company's remuneration structures are aligned to the Company's culture and values, with key elements of the annual incentive arrangements being linked to the Customer Heartbeat model as shown on page 17. Furthermore, the Company's remuneration structures are simple and clear, with executive directors receiving base salary, an annual incentive linked and a long-term incentive under the new RSP.

Risk is managed, with both the Annual Incentive Scheme and the RSP being subject to malus and clawback provisions. In addition a poor health and safety performance would lead to a reduced payout under the Annual Incentive Scheme and the underpins under the RSP provide protection against any payment for failure.

Outcomes are predictable to the extent that the Company achieves its targets over any given performance period and the charts displayed on page 87 outline the range of possible outcomes.

A significant proportion of an executive's total reward is linked to performance, with much of the reward achieved being deferred. This helps to align the interests of executives to investors.

Remuneration Committee – advisers

Internal advisers

Chris Vaughan – General Counsel and Secretary to the Committee
Ruth Hutchison – Reward, Policy and Insight Director

External advisers

PwC, one of the founding members of the Remuneration Consultants Code of Conduct, was appointed remuneration consultant by the Committee with effect from September 2017 following a rigorous tender process and adheres to this code in its dealings with the Committee. PwC also provides international tax advice to the Group. Fees paid to PwC in respect of advice received by the Committee amounted to £195,900. These fees were charged on a time and material basis.

The Committee is satisfied that the advice received is independent and objective. The Committee is comfortable that the PwC engagement partner and team that provide remuneration advice to the Committee do not have connections with the Company that may impair their independence.

Remuneration Committee agenda – 2019/20

- Approval of Annual Incentive Scheme and targets for 2019/20.
- Approval of awards of cash and deferred shares to executive directors under the Annual Incentive Scheme.
- Executive directors' salary review.
- Confirmation of the vesting percentage for the LTIP awards made in 2016 and due to vest in 2019.
- Confirmation of vesting percentage for the PSP awards made in 2018.
- Approval of the 2019 remuneration report.
- Remuneration policy review.
- Introduction of the Restricted Share Plan.
- Committee effectiveness evaluation.
- Review of the terms of reference.

Single total figure of remuneration – executive directors (audited information)

	Base salary		Benefits		Annual Incentive Scheme		LTIP		PSP		Pension		Total	
Director	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000	**19/20 £'000**	18/19 £'000
Alison Brittain	**871**	838	**21**	22	**830**	772	**696**	–	**–**	3,747	**218**	209	**2,636**	5,588
Nicholas Cadbury	**592**	569	**21**	21	**558**	521	**295**	–	**–**	2,233	**143**	138	**1,609**	3,482
Louise Smalley	**391**	376	**18**	19	**365**	341	**195**	–	**–**	1,476	**95**	91	**1,064**	2,303

Details of each of the elements included in the table above are as follows:

Base salary
Annual salary increases across the Group are effective from 1 May each year. The base salary numbers shown in the table therefore include two months' pay based on the director's salary from 1 May 2018 and ten months' pay based on the director's salary from 1 May 2019.

Benefits
The benefits received by each executive director include family private healthcare and a cash allowance in lieu of a company car.

Annual Incentive Scheme
The Annual Incentive Scheme payments shown above include both a payment, which would under normal circumstances be paid in cash, representing 50% of the total award and deferred shares, also representing 50% of the total award, to be issued in June 2020. Due to the current circumstances of the COVID-19 pandemic, the Committee has decided that instead of making the cash payment, the Company will issue shares to the value of the net cash award based on the market value on the payment date. These shares will be issued in June 2020. The awards were calculated as described below.

Awards based on profit measure (50% of total award – maximum 83.5% of salary)

Director	Total % of salary
Alison Brittain	**18.13**
2018/19	37.97
Nicholas Cadbury	**18.13**
2018/19	37.97
Louise Smalley	**18.13**
2018/19	37.97

ANNUAL REPORT ON REMUNERATION
CONTINUED

Awards based on WINcard and efficiency targets (30% of total award)

The incentivised WINcard targets and efficiency for 2019/20, together with the results, are shown below. Only half of the maximum reward was payable based on a green WINcard result, with higher rewards available for stretch or excel performance above target.

WINcard measure	Green target	Result	Performance	Maximum opportunity % of salary	Outcome % of salary
Operational team retention	86.93%	87.24%	Stretch	8.25	6.19
Premier Inn net loyalty	72.00	73.10	Excel	2.06	2.06
Restaurants total guest net promoter score	55.61	58.30	Excel	2.06	2.06
Like-for-like food and beverage covers	-1.6%	-2.2%		2.06	0.52
Premier Inn consumer share	77.9%	76.3%		2.06	0.52
Total WINcard				16.50	11.34
Efficiency target	£40.0m	£85.9m	Achieved	33.25	33.25
Total 2019/20				49.75	44.59

More information on how these measures are calculated can be found on page 78. As a result, the awards to be made based on WINcard and efficiency measures are as follows:

Director	Total % of salary
Alison Brittain	**44.59**
2018/19	13.50
Nicholas Cadbury	**44.59**
2018/19	13.50
Louise Smalley	**44.59**
2018/19	13.50

Awards based on strategic growth objectives (20% of total award)

Each of the executive directors had strategic growth objectives and 20% of the maximum incentive opportunity would be linked to performance against these objectives. A summary of each of the executive directors' objectives, together with the incentive outcomes, is shown in the table below.

Strategic growth objectives 2019/20 – outcomes

Alison Brittain, Chief Executive

Objectives	Measures	Actual outcome	Achievement per outcome
UK growth	UK rooms growth	Rooms opened: 2,906	✓
	Premier Inn Plus rooms to be opened	Premier Plus rooms and business floors trialled, and Premier Plus rooms rolled out to a further 500 rooms in 25+ sites	✓
	Complete Phase 2 of Perfect Portfolio Planning and create value from the portfolio through lease re-gears and tenure activity	Completed and network plan signed off at November strategy day	✓
	Segmentation (including valuation) of the asset base	Action plan agreed at June Board meeting. Property portfolio segments and financial analysis and valuation completed	✓
	Preparation of workplan and timings for property strategy delivery	Action plan agreed in June Board meeting and all actions on schedule	✓
	Innovation – develop 'Executive rooms' concept for live trial	Achieved	✓
	Continue the separation and delivery of key infrastructure for Costa	Costa separation completed significantly ahead of time and well within budget	✓
	Manage the TSAs effectively	TSA managed effectively	✓
German growth	Prepare for successful integration and opening of 13 hotels following Foremost Hospitality acquisition	Prepared for completion end Feb 2020 with room growth target achieved	✓
	International openings	Opened two Munich hotels and Hamburg in year. Also opened two new hotels in UAE	✓
	Open at least two new organic hotels in Germany	Achieved	✓
	Add further hotels to Germany committed pipeline to achieve Business Plan within Corporate Finance framework	Added 15 new sites in Germany	✓
	Evaluate priority acquisition options	Completed purchase of Acom Hotels (two open and one pipeline hotel)	✓
Total outcome		**Achieved 96.15% of maximum = 31.97% of salary**	

Nicholas Cadbury, Finance Director

Objectives	Measures	Actual outcome	Achievement per outcome
Optimise the UK estate	UK rooms growth	Rooms opened: 2,906	✓
	Premier Inn Plus rooms to be opened	On target by year-end	✓
	Churn strategy agreed and action plan in progress for 30 low performing sites in the UK	Completed and network plan signed off at November strategy day	✓
	Segmental analysis of estate for value creation finalised	Completed	✓
	Preparation of workplan and timings for property strategy delivery	Action plan agreed in June Board meeting and all actions on schedule	✓
	Continue the separation and delivery of key infrastructure for Costa	Achieved ahead of plan	✓
	Manage the TSAs effectively	TSA managed effectively	✓
	ZIP performance evaluated	Agreed to defer	✗
German growth	Open new rooms in Germany	Achieved	✓
	Network plan for 20 cities in Germany	Completed	✓
	Efficient and effective equity acquisition process in place	Completed	✓
	Finance processes and finance systems to enable 2020 scale	Finance project rated green so far	✓
	Appropriate tax structure for growth defined	Done	✓
	Integrated PAR/PIR/network planning processes with UK	In progress, due to be complete by March	✓
Total outcome		**Achieved 92.86% of maximum = 30.88% of salary**	

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Louise Smalley, Human Resources Director

Objectives	Measures	Actual outcome	Achievement per outcome
UK stabilisation and succession cover growth post Chrysalis	All appointments to be establishment by half year	Focus on overhead all year and discipline maintained	✓
	New baseline and targets for succession cover and D&I considered by ExCo and approved	D&I targets by function approved and targeted succession cover plans are approved	✓
	Technology roadmap to support EVP post Workday pause re-defined	HR elements of technology roadmap for UK delayed to 2020	✗
	Demonstrate effectiveness of new governance model	New governance model has combined the new business with quality of decision making demonstrably improved and all design principles progressed	✓
	Scope requirements with Phase 2 of transformation programme by half year	Phase 2 pursued in IT and Transformation with rigour and appropriate challenge given changes to work outlook post	✓
German growth	New Leadership roles hired	Strong leaders appointed	✓
	UK roles in new organisation with International focus have clarified objectives and performance managed to deliver integration plan and room openings	UK Functions have stepped up and delivered coordinated integration plan	✓
	Detailed HR platforms and processes agreed for the expanded German portfolio	Workday platforms agreed following detailed review	✓
	One EVP defined – UK and International	EVP landed well in all regions and blended with model for Germany	✓
	Matrix working consolidated in new organisation design and governance	Matrix working consolidated and governance effective for the full year, with appropriate progress for 2020	✓
Total outcome		**Achieved 90.0% of maximum = 29.93% of salary**	

Total awards
The maximum potential award was 167% of salary. The split between cash and deferred shares is as follows:

Director	% of salary based on profit	% of salary based on WINcard and efficiency	% of salary based on individual objectives	Total % of salary	Cash award £'000	Cash value of deferred shares award £'000	Total £'000
Alison Brittain	**18.13**	**44.59**	**31.97**	**94.69**	**415**	**415**	**830**
2018/19					386	386	772
Nicholas Cadbury	**18.13**	**44.59**	**30.88**	**93.60**	**279**	**279**	**558**
2018/19					260	260	521
Louise Smalley	**18.13**	**44.59**	**29.93**	**92.65**	**182**	**182**	**365**
2018/19					171	171	341

The Committee is satisfied that the remuneration policy operated as intended in terms of the quantum of these awards in the relation to the Company's performance. Due to the COVID-19 pandemic, the cash element of these awards will, as a one-off, be paid in shares in order to help the Company to preserve cash. The executive directors have committed to retain these shares into the next calendar year as a minimum.

The deferred shares will, under normal circumstances, vest in 2023 subject to continued employment within the Group. No further performance conditions apply to these awards. Malus provisions apply to the deferred share awards in the event, for example, of a material misstatement of results with clawback provisions applying to the cash awards. The share price used to calculate the deferred share awards will be based on the average Whitbread share price for the five dealing days preceding the grant. The number of deferred shares awarded to each director will be as disclosed in the 2020/21 report.

Long Term Incentive Plan

The 2017 LTIP contained two performance conditions: an EPS condition, and a ROCE condition. The structure of the Group changed in January 2019, due to the completion of the sale of Costa part way through the performance period. This was not anticipated at the time the targets for the 2017 LTIP were set.

The Remuneration Committee carefully considered the appropriate approach, given the different underlying dynamics of the Premier Inn and Costa businesses and the fact the EPS and ROCE targets were originally set for the combined Whitbread business.

The Committee decided that the best way to reflect these changes was to split the performance period into two parts. The first part is the 22-month period during which Costa was part of the Group and, for this part, the original targets were used, with 25% vesting at threshold. The outcomes were as follows:

- Final year ROCE (50% of the award): Original targets: 13-18%. Outcome for the 22-month period: 15.1%
- EPS growth (50% of the award): Original targets: 4-10% p.a. Outcome for the 22-month period: 3.2% p.a.

For the remaining 14 months, the Committee referred to the internal expectations in respect of the continuing business only targets over that period and determined the outcome appropriately. The Committee believes that this approach best reflects the way the business has been managed, and the performance of management for the entirety of the performance period.

The Committee also considered the impact of the share buyback programme and tender offer that followed the sale of Costa and has ensured that the EPS target was no easier to achieve because of the reduction in the number of shares in issue part way through the performance period. The ROCE target was unaffected by the buybacks. This has led to a reduction in the vesting level versus the default position.

The outcome is that, in total, 36.0% of the 2017 LTIP awards have vested.

The Committee is aware of its responsibility under the UK Corporate Governance Code to consider, where appropriate, whether to override formulaic outcomes and is also aware of the need to act in a fair and reasonable way for both share scheme participants and shareholders. In the round, the Committee considered whether this vesting amount was appropriate, particularly in the light of current business performance, levels of payout under the Annual Incentive Scheme, and the PSP vesting for the three executive directors in 2019 (which replaced the 2018 and 2019 LTIP awards) and decided that the vesting level was appropriate.

As a result of performance, 36.0% of the shares awarded under the 2017 LTIP will vest. The awards vesting to the executive directors, each of which are subject to a two-year holding period, are as follows:

Director	**Number of shares vested 2020**	Number of shares vested 2019
Alison Brittain	**14,975**	–
Nicholas Cadbury	**6,357**	–
Louise Smalley	**4,203**	–

The 2017 LTIP awards were granted based on a share price of 3,822.20 pence per share. The value shown in the single figure table on page 89 is calculated based on the average share price for the last quarter of the financial year, being 4,645.48 pence per share. This equates to an increase in value of 823.28 pence per vested share. At the date of the report, the directors have not yet been able to exercise these awards and, as such, have been unable to access this theoretical gain. The share price is currently below the price at which the awards were initially granted.

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Performance Share Plan (PSP)
Details of the PSP award included in the 2018/19 single figure were disclosed in full in last year's Directors Remuneration Report.

The 2018/19 comparator figures shown in the single figure table relate to these awards and do not need to be restated as they were valued at the point of vesting. The PSP awards were granted based on a share price of 4,046.0 pence per share. The value shown in the single figure table on page 89 is calculated based on the share price on the date of vesting, being 4,585.0 pence per share. This equates to an increase in value of 539.0 pence per vested share. At the date of the report, the directors have not yet been able to exercise these awards and, as such, have been unable to access this theoretical gain. The share price is currently below the price at which the awards were initially granted.

Pension
The percentage of salary or pension allowance received by the executive directors in pension contributions is shown in the table below.

Director	% of salary
Alison Brittain	25.00
Nicholas Cadbury	24.17
Louise Smalley	24.17

The executive directors receive a monthly amount in cash in lieu of the pension contribution. Alison Brittain received a cash payment of 25% of salary. Nicholas Cadbury and Louise Smalley each received a cash payment of 24.17% of salary. These amounts will phase down to 15% of salary by May 2022, with the first reduction to 21.5% taking effect from May 2020.

Single total figure of remuneration – Chairman and non-executive directors (audited information)

	Base fee		Senior Independent Director fee		Fee as Chairman of a Board Committee		Fee as a member of a Board Committee		Total	
Director	19/20 £'000	18/19 £'000	19/20 £'000	18/19 £'000	19/20 £'000	18/19 £'000	19/20 £'000	18/19 £'000	19/20 £'000	18/19 £'000
Adam Crozier	400	400	–	–	–	–	–	–	400	400
David Atkins	61	60	–	–	–	–	10	10	71	70
Horst Baier	20	–	–	–	–	–	2	–	22[1]	–
Frank Fiskers	61	5	–	–	3	–	8	–	72	51[1]
Richard Gillingwater	61	41	15	10	–	–	5	–	81	51[1]
Chris Kennedy	61	60	–	–	20	20	–	–	81	80
Deanna Oppenheimer	61	60	–	–	16	20	1	–	78	80
Susan Taylor Martin	61	60	–	–	–	–	5	5	66	65

1 Fees for part year. Horst Baier joined the Board in November 2019. Richard Gillingwater and Frank Fiskers joined the Board in June 2018 and February 2019 respectively.

Statement of directors' shareholding and share interests (audited information)

The Committee believes that the shareholding requirements for executives play an important role in the alignment of the interests of executives and shareholders and help to incentivise executives to deliver sustainable long-term performance.

When the new remuneration policy was approved in December 2019, we took the opportunity to bring our shareholding requirements for the executive directors in line with market practice. We increased the requirement for the Chief Executive from 200% of salary to 300% of salary and the requirement for the other executive directors from 125% of salary to 200% of salary. In addition, new post-cessation shareholding requirements have been introduced. These are subject to transitional arrangements for the current executive directors. We have also made changes to the method of calculation, with unexercised share awards no longer subject to performance testing being taken into account (adjusted for any deductions to be made at the point of exercise). All of the executive directors are in compliance with the requirement.

The Chairman and the non-executive directors are each required to build a holding to the value of 100% of their annual fee over a three-year period.

The table below shows the holdings of directors as at 27 February 2020:

	Counting towards requirement				Performance versus requirement		
Director	Ordinary shares	Share awards[1]	Value based on input price £'000	Value based on market price £'000	Requirement % of salary/ base fee	% of salary based on input price	% of salary based on market price
Chairman							
Adam Crozier[2]	3,000	–	132	122	100	33	31
Executive directors							
Alison Brittain	34,638	121,583	4,495	4,036	300	513	460
Nicholas Cadbury	7,795	71,889	1,805	1,870	200	303	314
Louise Smalley	23,707	47,587	2,497	2,319	200	578	506
Non-executive directors							
David Atkins	1,425	–	56	58	100	92	95
Horst Baier	1,600	–	72	65	100	118	107
Frank Fiskers	610	–	30	25	100	48	41
Richard Gillingwater	1,000	–	45	41	100	74	67
Chris Kennedy	1,500	–	61	61	100	100	100
Deanna Oppenheimer[3]	1,600	–	66	65	100	108	107
Susan Taylor Martin	1,490	–	50	61	100	81	99

1 The market price used was the average for the last quarter of the financial year (4,645.48p). The number of share awards shown is the full number, but the valuation of those awards has been reduced to reflect deductions to be made at the point of exercise in respect of income tax and national insurance contributions.

2 Adam Crozier was appointed Chairman on the last day of the 2017/18 financial year and is currently required to build towards a 100% holding.

3 Deanna Oppenheimer actually holds 6,400 ADRs in Whitbread PLC, each of which represent 0.25 of a Whitbread ordinary share.

In addition to the share awards shown above the executive directors hold other awards for which performance has been tested since the year-end and do not therefore count towards the shareholding requirement at the year-end. Alison Brittain holds such an award over 14,975 shares, Nicholas Cadbury holds an award over 6,357 shares and Louise Smalley holds an award over 4,203 shares. There has been no other change to the interests in the tables shown on this page between the end of the financial year and the date of this report.

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Options exercised (audited information)
The following options were exercised by executive directors under the Company's share schemes during the year.

Director	Scheme	Number of shares	Exercise price	Exercise date	Market price on exercise (p)
Alison Brittain	LTIP	22,889	N/A	30-May-19	4,507.0
	AIS	3,074	N/A	30-May-19	4,507.0
Nicholas Cadbury	AIS	4,600	N/A	31-May-19	4,619.0
Louise Smalley	SAYE	232	3,866.4	28-May-19	4,588.0
	AIS	3,227	N/A	30-May-19	4,507.0

Awards granted
Details of awards made under the Annual Incentive Scheme in relation to the 2018/19 incentive year were disclosed in the 2018/19 Annual Report. No awards were granted during the year under the LTIP, PSP or RSP.

Payments to past directors (audited information)
With the exception of regular pension payments and dividends on Whitbread shares and the exercise of share awards as permitted under the rules of the Annual Incentive Scheme, the LTIP and the Savings-related Share Option Scheme, no other payments were made during the year to past directors.

Chief Executive's remuneration
Whitbread is in the hospitality business and has a large workforce of over 35,000 team members who are employed directly by the business and the majority being in hourly paid customer-facing roles in our hotels and restaurants. We have an aligned set of reward principles for all employees which includes a core principle to offer competitive pay rates at all levels reflecting our position as a leading organisation in the hospitality sector. This enables us to attract and retain the right talented people for our winning teams.

For our hourly paid team members, we benchmark other hospitality companies to ensure we are competitive when comparing pay with similar organisations and we operate an approach to pay which increases pay for skills progression with clear and transparent pay rates for each role that increase as new skills are developed. For our Chief Executive, we benchmark against the FTSE 100 (removing any non comparative industries eg Financial Services, Oil & Gas and Natural Resources which include significantly higher levels of remuneration) and this allows us to have an appropriate comparison for this role in our sector. Using comparator data from 2019/20, the Chief Executive's salary is just below the market median and total remuneration is between the lower quartile and mid point.

All three of the UK employee reference points using Option A compare our Chief Executive's remuneration with that of hourly paid team members in customer facing roles in the operational outlets. There is relatively limited difference in the outcomes as shown below. The Chief Executive has a high level of variable pay which is dependant on the performance and growth of the business. A significant proportion of any variable pay earned is in share based payments which will also be impacted by fluctuations in the share price. The inherent variability of the Chief Executive's pay will have significant impact on the ratio year to year which will outweigh internal changes in pay within the organisation.

Whitbread has decided to use Option A to calculate its ratio, as the data required is readily available and this option provides the most accurate comparison as the figures are calculated on a like-for-like basis.

The table below shows how the total pay of the Chief Executive compares to our UK employees at the 25th, Median and 75th percentile:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019/20	Total pay (FTE):	£17,077	£18,429	£19,157
	Total pay & benefits (FTE):	£17,597	£18,429	£19,739
	Pay ratio (Option A):	150:1	143:1	134:1

The figures were calculated on 20 February 2020 (the "snapshot date") and use the single figure methodology (salary, benefits, annual incentive, LTIP, pension) and for the Chief Executive this is taken from the total single figure remuneration for 2019/20 on page 89 of £2.64m.

The Chief Executive's remuneration (including base salary, benefits and annual incentive payment) increased by 5.5% in the year, compared with an increase of 2.2% for the Group's employees as a whole.

The following table shows the Chief Executive's pay over the last ten years, with details of the percentage of maximum paid out under the Annual Incentive Scheme and the LTIP vesting percentage for each year.

Year	Chief Executive	Single total figure of remuneration £'000	% of maximum annual incentive achieved	% of LTIP award vesting
2019/20	**Alison Brittain**	**2,636**	**56.7**	**36.0**
2018/19	Alison Brittain	5,588[1]	54.8	0.0
2017/18	Alison Brittain	2,336	64.1	38.3
2016/17	Alison Brittain	2,509	49.8	76.5
2015/16	Alison Brittain	634	38.8	N/A
	Andy Harrison	2,423	38.8	97.2
	Combined CEO remuneration for 2015/16	3,057	38.8	97.2
2014/15	Andy Harrison	4,554	86.8	100.0
2013/14	Andy Harrison	6,374	82.6	100.0
2012/13	Andy Harrison	3,432	74.9	89.8
2011/12	Andy Harrison	1,444	45.6	N/A
2010/11	Andy Harrison	534	94.4	N/A
	Alan Parker	2,509	94.4	82.4
	Combined CEO remuneration for 2010/11	3,043	94.4	82.4

1 Includes £3.7 million from the vesting of a one-off award under the PSP in relation to the sale of Costa. This award vested at 97.53% of maximum.

Comparison of executive remuneration policy with wider employee population

This section of the report describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population. The Committee consulted with employees in relevant roles and took account of feedback from the Employee Forum (see pages 44 and 45 for more details) when developing the directors' remuneration policy.

Base salary

All employees, including the executive directors, receive an annual review of base salary. 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 530 employees across the Group are entitled to a company car or cash in lieu of a company car. 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 1,850 employees are entitled to participate in the Group's private healthcare scheme, with 700 of these, including the executive directors, entitled to family cover.

All employees receive discounts on Company products, but the 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.

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Annual Incentive Scheme

Approximately 1,130 employees are eligible to receive an annual incentive payment linked to the achievement of profit and WINcard targets. Approximately 50 senior leaders, including the executive directors, are given individual strategic objectives in addition to the profit and WINcard targets mentioned above. The maximum opportunity is dependent on the role.

Approximately 100 employees, including the executive directors, are entitled to participate in the Annual Incentive Scheme, with maximum payouts split between cash and deferred shares, ranging from 60% to 170% of salary.

Long Term Incentive Plan

Approximately 35 employees, including the executive directors, participate in the Restricted Share Plan. This scheme is 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. Employees who do not choose to participate may be automatically enrolled with contributions in line with the automatic enrolment regulations. Approximately 25% of executives receive between 10% and 20% of basic salary from the Company, which can be allocated to pension or taken as cash.

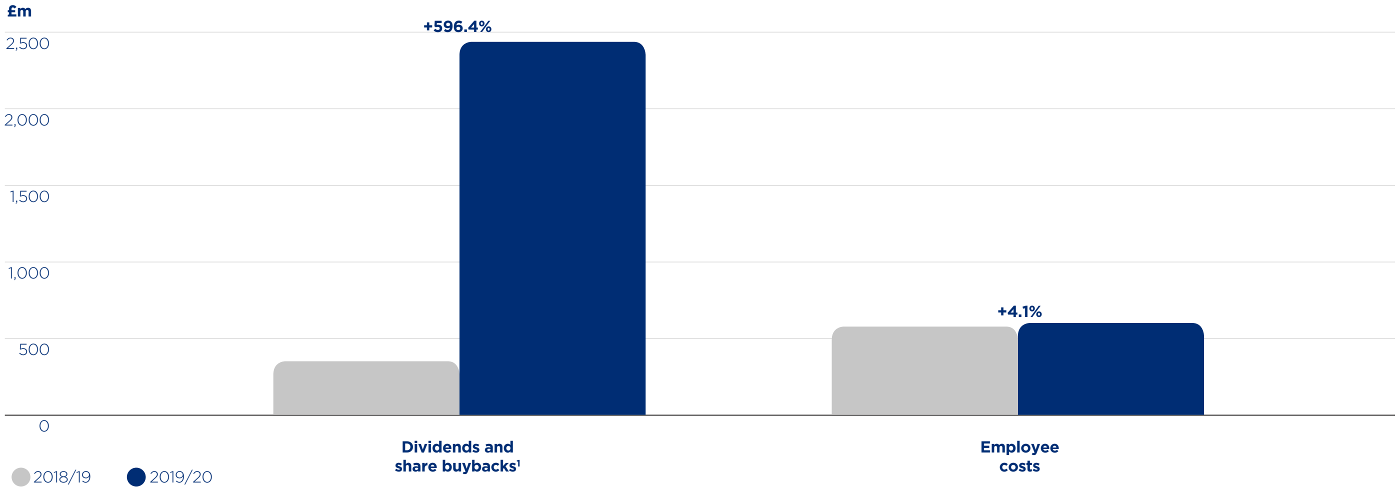
Since 2013, the policy for new executive directors has been to provide a contribution of 25% that can be allocated to pension or taken as cash. The policy for newly appointed executive directors is to provide a contribution of 10% of base salary that can be allocated to pension or taken as cash. Existing executive directors receive cash in lieu of pension contribution of between 24.17% and 25%. These amounts will phase down to 15% by May 2022, with the first reduction to 21.5% taking effect from May 2020. At the end of the three year Policy period, the Committee will review the pension levels further.

Fees from external directorships

The executive directors are entitled to retain fees from external directorships. Louise Smalley is a non-executive director of DS Smith Plc and retained a fee of £59,875. Alison Brittain is a non-executive director of Marks and Spencer plc and retained a fee of £71,000. Nicholas Cadbury is a non-executive director of Land Securities Group PLC and retained a fee of £90,000.

Relative importance of spend on pay

The graph below compares the change in total expenditure on employee pay during the year to the change in dividend payments and share buybacks.



1 The dividends and buybacks figure for 2019/20 includes the tender offer, which took place in July 2019.

Implementation of remuneration policy in 2020/21

Base salary

This year, due to the COVID-19 pandemic, the executive directors waived their right to a salary increase. In addition, they have each agreed to a temporary reduction of 30% in their base salaries (not reflected in the table below).

The base salaries of the executive directors with effect from 1 May 2020 will be as follows:

Director	**Base salary at 1 May 2020 £'000**	Base salary at 1 May 2019 £'000
Alison Brittain	**877**	877
Nicholas Cadbury	**596**	596
Louise Smalley	**394**	394

Benefits and pension

The benefits received by each executive director will continue to include family private healthcare, a cash allowance in lieu of a company car and cash allowances in lieu of pension.

Annual Incentive Scheme

To be eligible to receive incentive payments there are 'gateway' requirements relating to both performance and leadership behaviour. Any incentive payments will be at the discretion of the Remuneration Committee in the event that either profit performance is below 90% of target or the health and safety score is red on the WINcard. The expectation is that our leaders' actions reflect Whitbread's values and code of conduct, including our approach to health and safety. Keeping our team and customers safe is not an incentive lever but a core responsibility that earns the right to achieve incentivised rewards. The Committee has the discretion to amend formulaic outcomes.

In the light of the impact of the Covid-19 pandemic on the business, and in particular the fact that the great majority of the Company's hotels and restaurants are not currently operating, the Committee determined that it was not appropriate to include the usual WINcard team and customer measures within the incentivised framework for 2020/21. Instead, the Committee agreed to allocate the incentive usually based on WINcard measures between efficiency and business objectives.

The Committee has agreed to keep the Scheme under review throughout the year to ensure that it is properly aligned with the strategic imperatives faced by the Group during the COVID-19 crisis. Accordingly, the Committee reserves the right to adjust the non-financial targets in order to achieve this alignment.

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The measures and weightings for the 2020/21 annual incentive are therefore as follows:

Measure	Scope	Weighting
Profit	Group adjusted profit before tax	50%
Efficiency	Efficiency savings	25%
Business objectives	See below	25%

Financial measures
The targets of the two financial metrics, which make up 75% of the annual incentive, are considered by the Board to be commercially sensitive and, for that reason, are not disclosed in advance. The Committee intends to disclose the targets retrospectively in the 2020/21 report.

Business objectives
Each executive director also has business objectives linked to the Group's strategic priorities. They will be eligible to receive up to 25% of the maximum incentive opportunity based on the delivery of these objectives. Achievement of the approved objective outcomes has been aligned to a payment level that would be recognised as stretch performance. The objectives are quantifiable and linked to the business plan and future financial performance.

This year, the objectives in the first half of the year will be focused on steering Whitbread through the COVID-19 crisis, managing the Company's access to the Government's programme of support and preparing the business so that it is ready for re-opening when the time comes. There are also some objectives linked to the growth and success of the Company over the longer term, but these are likely to be more of a focus in the second half of the year. The Committee will review these objectives at the half-year to ensure that the executives are incentivised based on the appropriate objectives at that time.

The table below shows a summary of the individual strategic growth objectives for each of the executive directors, together with details on which of the three strategic priorities (see pages 16 to 17) each objective is linked to:

Objectives	Strategic priority
Alison Brittain	
Strategic growth and development options identified to enhance shareholder value	**1,3**
Financially and operationally manage the Covid-19 crisis to ensure company is in a sustainable position at all times through the development and execution of a robust financial and operational plan which takes account of health and safety of our customers, our employees welfare and supply chain continuity	**3**
Development of Premier Inn commercial plans, including new channel development	**1**
Growth of the German business and integration of acquired hotels	**2**
Nicholas Cadbury	
Strategic Growth and Development options to enhance shareholder value and produce savings from UK property cost	**1,3**
Financially manage the Covid-19 crisis and ensure company is in a sustainable position at all times through the development and execution of a robust financial plan and capital savings plan	**3**
Development of Premier Inn commercial plans, including new channel development	**1**
Growth of the German business and integration of acquired hotels	**2**
Louise Smalley	
Enable strategic growth through labour supply strategy and mitigate risk of talent shortages.	**1,2,3**
Financially and operationally manage the Covid-19 crisis and ensure the company is in a sustainable position at all times through the development and execution of a robust financial plan and operational plan which takes account of health and safety of our customers, our employees welfare and supply chain continuity.	**3**
Delivery of diversity and inclusion plans	**3**
Integration of acquired hotels and teams in Germany	**2**

The strategic growth objectives have been designed to incentivise the executive directors to steer the Group through the current crisis, both operationally and financially. The Committee will review these objectives at the half-year to determine whether they remain appropriate and may set new objectives for the second half of the year if necessary.

Cash awards will be made in May 2021, with deferred equity issued in April or May 2021 and due to vest in 2024, with no further performance conditions applying.

Restricted Share Plan

The new Restricted Share Plan (RSP) was approved by shareholders in December 2019 and the executive directors will receive their first awards under the RSP in May 2020. These will be based on 125% of salary for Alison Brittain and 110% of salary for Nicholas Cadbury and Louise Smalley.

The awards will be subject to underpins and, subject to these underpins being met, are expected to vest in May 2023, after which they will be subject to a two-year holding period. The Remuneration Committee will review the suitability of the underpins relating to these awards once the COVID-19 pandemic abates and may make adjustments to them at that time if it considers it fair and reasonable to do so. The Committee has the discretion to amend formulaic outcomes. Any adjustments will be fully disclosed and explained in the Directors Remuneration Report once a decision is made.

Chairman's fee

Adam Crozier's fee as Chairman was set at £400,000 when he was appointed to the position in March 2018, with the fee to be reviewed annually. Adam indicated that he did not wish to receive an increase in 2019 and, due to the COVID-19 pandemic, has again waived his right to an increase in 2020 and agreed to a temporary 20% reduction in his fee.

Non-executive director fees

The base annual fee for non-executive directors is unchanged at £61,200. However, due to the COVID-19 pandemic, the non-executive directors have each agreed to a temporary reduction of 20% on their base fee. The fees for the chairmanship of the Audit Committee and the Remuneration Committee are unchanged at £20,000. The fee for the Senior Independent Director remains at £15,000 and the fees for membership of the Audit and Remuneration Committees are unchanged at £5,000. Non-executive director fees are usually reviewed annually but have not been reviewed in 2020 due to the COVID-19 pandemic.

Statement of shareholder voting

At the annual general meeting in 2019, the advisory resolution to approve the annual report on remuneration was passed. At a general meeting, which was held in December 2019, resolutions to approve a new directors' remuneration policy and the new Restricted Share Plan were also both passed.

The voting results were as follows:

Resolution	For	Against	Total	Withheld
Annual report on remuneration (2019 AGM)	94,570,584 (97.0%)	2,958,424 (3.0%)	97,529,008	996,373
New remuneration policy (2019 GM)	64,495,817 (70.5%)	27,038,317 (29.5%)	91,534,134	178,635
Restricted Share Plan (2019 GM)	63,908,522 (69.8%)	27,622,131 (30.2%)	91,530,653	182,116