

Nomination Committee report



ADAM CROZIER
CHAIRMAN, NOMINATION COMMITTEE

This year we are pleased to welcome Fumbi Chima and Kal Atwal to the Board as new independent non-executive directors and members of the Nomination Committee. Fumbi will also be joining the Audit Committee, while Kal will become a member of the Remuneration Committee.

Role of the Committee

The role of the Nomination Committee is to review the Board composition and to plan for its refreshment as applicable. The Committee is also responsible for evaluating the directors on an annual basis, striving for a balance of skills, knowledge, independence, experience and diverse representation to allow for it to operate effectively, and ensuring there is no undue reliance on any one individual.

Responsibilities of the Committee

The Committee has specific responsibilities on behalf of the Board and these are detailed below:

- › to regularly review the structure, size and composition of the Board (including balance of skills, independence and diversity), and make recommendations to the Board;
- › to consider succession planning for the Board and to determine the skills and experience required for future Board appointments;
- › to identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- › to evaluate the balance of skills, knowledge, experience and diversity required prior to making an appointment to the Board and, on the basis of this evaluation, to prepare a role description outlining the capabilities required for a particular appointment;
- › to keep the leadership needs of the Company under review, both for executive and non-executive directors with a view to ensuring the continued ability of the Company to effectively compete;
- › to keep up to date with strategic issues and commercial changes affecting the Company and the market in which it operates;
- › to ensure that, on appointment to the Board, non-executive directors receive a formal letter of appointment setting out the time commitment in respect of the role;
- › to annually review the time required from non-executive directors and to ensure that a performance evaluation is undertaken to determine if non-executive directors are spending sufficient time to fulfil their duties;
- › for the appointment of a Chairman, to prepare a job description including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes reported to the Board as they arise; and
- › to review the results of the annual Board evaluation that relate to the composition of the Board.

MEMBERSHIP OF THE NOMINATION COMMITTEE AND MEETING ATTENDANCE

Name of director	Meetings attended and eligible to attend
Adam Crozier (Chairman)	2/2
David Atkins	2/2
Richard Gillingwater	2/2
Frank Fiskers	2/2
Chris Kennedy	2/2
Deanna Oppenheimer¹	1/1
Susan Taylor Martin²	1/2
Horst Baier	2/2

1 Deanna stepped down from the Board at the end of December and therefore was no longer a Committee member for the January meeting.

2 The one meeting Susan was unable to attend was due to a conflict with a previously arranged meeting.

Diversity and inclusion

The Board believes that diversity in many forms is critical to the effectiveness of the Board and to the Group's continued success, which is why we have made a commitment to put diversity at the core of our business agenda with an aim to become the most inclusive hospitality business.

Our Executive Committee is a sponsor of Whitbread's approach to diversity and inclusion across Whitbread. There is a Diversity and Inclusion (D&I) strategy now in place, which was created in line with industry standards to ensure we are focusing on the right areas. Whilst our current diversity targets measure our progress relative to data which captures gender and race, our actions focused on greater inclusion are just as relevant to the inclusion of broader underrepresented groups and those individuals who feel they are in a minority due to their sexual orientation, gender identity, disability or age and experience.

We have now invested in a Diversity and Inclusion Centre of Excellence, responsible for leading the implementation of the D&I strategy, guided by our new Commitments:

We have four commitments to greater diversity:

1. Have greater diversity in our leadership population, with targets of 8% ethnic minority and 40% female representation in our top 100 by the end of 2023
2. Have greater ethnic diversity in our middle management population through stringent recruitment practices that mitigate individual biases
3. Invest more in a diverse talent pipeline to ensure we can promote diverse talent equitably
4. Complete ethnicity pay gap analysis, and share our results and findings with our internal colleagues

We have four commitments to create an environment of greater inclusion:

1. Equip all our leaders to be fluent around diversity and inclusion, through mandated development
2. Amplify the voices of all our minorities, through the sponsorship of networks and forums
3. Review our policies to make sure they are inclusive of minority groups
4. Celebrate key cultural events throughout the year

Our progress against these commitments is detailed in the Group HR Director's review on pages 42 to 47.

Female representation

Our 2020 Gender Pay Gap Report, released in February 2021, highlights an 11.65% pay gap, reduced by 1.58 percentage points from 2019. We have strong female representation across Whitbread, with 66% of our hourly paid roles filled by women, along with 34% of our female leadership population. We are also proud to be one of currently six FTSE 100 businesses to have a female CEO.

Our focus continues to be driving female representation in senior roles across all functions, remaining committed to the recommendations outlined in the Hampton Alexander Review. We recognise that senior level representation continues to be a theme in our Gender Pay Reports, and are focused on accelerating progress through our stretching targets, set out in our commitments, in the next 12 months.

You can read our 2020 Gender Pay Gap Report and our actions in more detail on our website, www.whitbread.co.uk

Ethnic representation

Whilst our D&I commitments focus on all underrepresented groups, they also have specific relevance in increasing our diversity of colleagues from ethnic minorities.

84% of our Board identify as White, 8% identify as Asian and 8% identify as Black. We are proud to have met the Parker Review '1 by 21' target, but recognise that this by itself is not enough, and there is more to do to increase the ethnic representation across Whitbread.

Whilst 13%* of our colleagues identify as Asian, Black or Mixed Ethnic, our representation of these groups at leadership level is lower than we would wish and we recognise we have more to do. We have set up a Race, Religion and Cultural Heritage colleague network with executive sponsorship to partner with our D&I Centre of Excellence and drive change. So far they have amplified the voices of many of our minority groups, celebrated key cultural events and reviewed and relaunched key HR policies. The recent training all our leaders (including our Executive Committee) attended included a module on Race Allyship.

We are committed to change, and over the next 12 months are confident that we will accelerate our progress.

Setting targets

Our diversity commitments give us challenging internal targets that reflect our ambition to be more diverse and more inclusive. Our Executive Committee has individual and collective targets relating to the diversity of its functional leadership teams, alongside accountability to deliver the wider D&I commitments.

We continue to be very committed to the recommendations outlined by the Parker Review, particularly its target for all UK FTSE 100 businesses to meet the '1 by 21' target of at least one ethnically diverse member of the board by 2021 and the signalling of intent this brings to the wider business with regard to leadership representation.

Our two recent Board appointments, Fumbi Chima and Kal Atwal, are both highly talented individuals who bring valuable executive experience and expertise to our Board from March 2021. Following these appointments, the Board now fully meets the standards expected by the Hampton Alexander Review on gender and the McGregor Smith Review on ethnicity.

* 13% of colleagues who have chosen to enter their ethnicity data.

Succession planning

The Committee annually evaluates the balance of skills, experience, independence and knowledge on the Board, preparing a description of the role and capabilities required for a particular appointment. A matrix of the skills and competencies of the current Board is mapped against the skills and competencies the Committee believes will be required in the future. The process, which is also used when the Board is considering new appointments, of either executive or non-executive directors, along with the Board's policies and Diversity and Inclusion Commitments, listed opposite, help the Committee succession plan and develop a diverse pipeline.

Following the 2020 Board evaluation, one of the Committee's focuses for last year was to consider the Board's experience in relation to consumer marketing and technology.

The appointment of Fumbi Chima and Kal Atwal brings an invaluable mix of skills to the Board, especially in the technology sector, digital transformation, marketing and general management which has been gained from working in a variety of businesses. They will add huge value to the Board.

We use external search consultants to engage and identify a number of candidates, ensuring equal representation, aligned with the role and capabilities required for the appointment. For the appointment of Fumbi and Kal, we partnered with Korn Ferry and Audeliss, both independent consultancies which have no other links to Whitbread or any directors.

Once a new director has been appointed, they receive a tailored induction which helps introduce them to the business. Following their appointment in March, Fumbi and Kal met with a variety of senior leaders across the business and intend to visit sites and meet team members post COVID-19.

Further information on Fumbi and Kal's induction process can be found on page 77.

As part of our annual talent cycle, we review the long term succession plan for our Executive Committee as standard. In addition to this, we have robust emergency and medium term succession plans in place for all our Executive Committee. These have been revised this year as part of our COVID contingency planning and Senior Leadership succession planning.

Our approach to the annual re-election of directors

As required by the Code, all directors will be subject to re-election at the next annual general meeting (AGM). During the year, I completed the individual performance review of each non-executive director in respect of their contribution and time commitment to the Company. All directors are proposed for reappointment at this year's AGM.

Details setting out why each director is deemed to be suitable for reappointment, and how their contribution continues to be important to the Company's long-term success, will be included with the AGM papers circulated to all shareholders.



Adam Crozier
Chairman, Nomination Committee
26 April 2021

MAIN ACTIVITIES DURING THE YEAR

In 2020/21, the Committee's main activities have included:

- › the appointment of Fumbi Chima and Kal Atwal;
- › Board succession planning;
- › HR strategy including diversity and inclusion;
- › the re-election of directors at the 2020 annual general meeting; and
- › a review of the Committee's effectiveness and its terms of reference.