

# A strong governance structure



**Adam Crozier**  
Chairman

I am pleased to present the Board's report on the Company's compliance with the UK Corporate Governance Code. This year, Whitbread has made a robust come-back, with strong performance exceeding that of pre-pandemic levels. We also appointed a new Chief Executive and had two independent non-executive directors join the Board. Set against this busy backdrop, the Board remains committed to, and focused on, maintaining a strong corporate governance framework.

### **Our strong governance framework**

The Board's primary objective is to ensure the long-term success of the Group. Key to this objective is the maintenance of a strong governance structure to generate lasting value for all our stakeholders. At Whitbread, we are committed to ensuring the Company's actions are in keeping with our culture, values and strategic goals. This is achieved by understanding the critical role that strong corporate governance plays.

In last year's corporate governance report, we provided a full review on our compliance with the UK Corporate Governance Code. We continue to focus our governance on complying with the provisions and applying the principles in the Code. We hope to demonstrate throughout this report the Board's emphasis on the Company's purpose, culture and strategy, as well as our relationships with shareholders and other stakeholders.

### **Compliance Statement**

With the exception of one provision, relating to the alignment of executive pension arrangements with the wider workforce, we were fully compliant with the Code throughout the year. To rectify this, we adopted a new remuneration policy where we aligned executive directors' pensions to those of the wider workforce with effect from 31 December 2022. This results in us being fully compliant with the Code as at the end of the year. In the pages that follow, we have set out how we have applied the principles set out in the Code.

### **Culture and purpose**

Whitbread is a hospitality business, focused on ensuring that our customers have a great experience wherever they stay or eat across our business. We use a 'Customer Heartbeat' model to measure and monitor performance in this regard, comprising:

- Winning Teams;
- Profitable Growth;
- Force for Good; and
- Everyday Efficiency.

This aligns with our purpose of providing sustainable long-term value for our shareholders while delivering a quality and value for money experience to our customers. Our values underpin everything we do, and we aim to be genuine, confident and committed in order to reach our goal of becoming the best budget hotel business in the world.

## Board leadership and company purpose

The ultimate goal of the Board is to steer the Company towards achieving its strategic objectives while ensuring the long-term sustainable success of the Company. The Company has laid out a clear purpose aligned to its values (read more on page 2). The strategic report page 12 to 13 explains how the Board achieves its purpose while also focusing on the people, values and culture of the organisation.

## Composition, succession and evaluation

This year was transformational for the Board at Whitbread, with a new Chief Executive and two new non-executive director appointments. Also, it was the first year for our Chief Financial Officer who was appointed in March 2022. Please see the Nomination Committee report on pages 90 and 91 for detailed information on the recruitment and induction process for new Board members.

## Division of responsibilities

The Board consists of Chairman, two executive directors and nine independent non-executive directors, all of whom have a role to play. Details can be found on page 73. The Board also has the Audit, Nomination, Remuneration and Disclosure Committees, to further divide the responsibilities. Details on how each Committee performs its duties through the year is provided in the respective Committee reports.

## Audit, risk and internal control

The Audit Committee report gives detail on the role and responsibilities of the Committee and its actions throughout the year. Please see pages 86 to 89. Also, the Principal risks and uncertainties section on pages 60 to 66 gives more detail on the risk management framework and the risk assessments carried out.

## Remuneration

The remuneration report on pages 92 to 94 has a detailed overview of the Remuneration Committee's role and responsibilities, together with the annual report on remuneration.

## Our stakeholders

We believe that it is important to understand the views of our stakeholders in order to build constructive relationships. In accordance with Provision 5 of the UK Corporate Governance Code, Whitbread has formed a workforce advisory panel, which we call 'Our Voice'. This gives our employees an opportunity to shape strategic plans and major decisions. In addition to this, as Chairman, I hold governance meetings each year with major shareholders to listen to their views and any issues they may have.

During the year, the Board has continued to consider the interests of a range of stakeholders. For example, we have considered on a number of occasions the relationships with third-party technology suppliers, as well as suppliers of energy and food and beverage products. We have discussed our relations with Government and key industry bodies, and we have focused very carefully on our customers, their feedback on our performance and their perceptions of our brand propositions. We have carefully considered team member retention issues, and the recruitment and retention of our staff, together with the levels of pay and reward for all of our team members. Further information on our stakeholder engagement can be found on pages 55 to 58.

## The Board

The Board is committed to regularly reviewing the skills, experience and knowledge that it has in place as well as those that can be added. It is part of the Nomination Committee's role to

regularly review the structure, size and composition of the Board. This helps ensure there is a balance of skills, knowledge, independence and diversity around the table. To assist with this process, we use an objective matrix to assess the skills, experience and knowledge required at the Board table.

## Board composition

In January 2023, we were pleased to have Dominic Paul join the Board as Chief Executive. Dominic was previously a member of the Whitbread Executive Committee and Managing Director of Costa Coffee for three years, before serving as CEO of Domino's Pizza Group Plc. Alison Brittain stepped down from the position of Chief Executive in January 2023 and stayed on the Board as a director until she retired in March after facilitating a smooth handover and transition to Dominic.

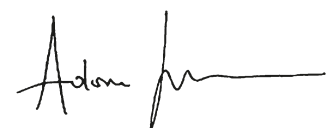
In January 2023, we were pleased to welcome Dame Karen Jones and Dame Cilla Snowball as new independent non-executive directors. Karen has a wealth of experience in the restaurant, food and hospitality sectors, having founded Café Rouge and led the formation of Spirit Group as CEO. Karen also has strong experience in executive remuneration, having previously chaired the remuneration committees at ASOS plc and Booker plc. Cilla has strong advertising, marketing and digital experience, having been made a Dame in 2017 for her services to advertising, diversity and equality.

## Diversity and inclusion

We are proud of our approach to diversity and inclusion at Board level. Three members of the Board identify as Black, Asian or Mixed Ethnicity. In last year's report, we mentioned having plans to improve the gender diversity on the Board and ensure we align to the recommendations in the FTSE Women Leaders Review (formerly the Hampton-Alexander Review). We now have four women on our Board representing 33.3% and have plans to meet the new FCA diversity Listing Rule requirements in the year ahead.

## Board evaluation

This year we carried out an internal evaluation of the Board and its committees with the support of Independent Audit. The results of the evaluation were shared with me and all other committee chairs, and were also discussed at the respective Board and committee meetings. Overall, the results of the evaluation were positive. Progress was made in most areas highlighted in last years' evaluation. Further information on the Board evaluation and areas of focus in the year ahead can be found on pages 80 and 81.



**Adam Crozier**  
Chairman  
24 April 2023

# The UK Corporate Governance Code 2018

The UK Corporate Governance Code 2018 is the standard against which we measure ourselves.

It is issued by the Financial Reporting Council (FRC) and is available to view on its website, [www.frc.org.uk](http://www.frc.org.uk)

Further information on our compliance with the Code can be found in the table below:

Section 1: Board leadership and company purpose		See page
<b>A</b>	Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society	
<b>B</b>	Purpose, values and strategy with alignment to culture	
<b>C</b>	Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks	
<b>D</b>	Effective engagement with shareholders and stakeholders	
<b>E</b>	Consistency of workforce policies and practices to support long-term sustainable success	
	Chairman's statement	6 and 7
	Strategic report	1 to 67
	Board engagement with key stakeholders	55 to 58
	Shareholder engagement	56
	Audit Committee report	86 to 89
	Conflicts of interest	82
Section 2: Division of responsibilities		See page
<b>F</b>	Leadership of board by chair	
<b>G</b>	Board composition and responsibilities	
<b>H</b>	Role of non-executive directors	
<b>I</b>	Company secretary, policies, processes, information, time and resources	
	Board composition	74 to 77
	Key roles and responsibilities	73
	Information and training	81 and 82
Section 3: Composition, succession and evaluation		See page
<b>J</b>	Board appointments and succession plans for board and senior management and promotion of diversity	
<b>K</b>	Skills, experience and knowledge of board and length of service of board as a whole	
<b>L</b>	Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively	
	Board appointments and succession planning	71, 81 and 91
	Board composition	74 to 77
	Diversity, tenure and experience	69
	Board, Committee and director performance evaluation	80 and 81
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Section 4: Audit, risk and internal control		See page
<b>M</b>	Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements	
<b>N</b>	Fair, balanced and understandable assessment of the company's position and prospects	
<b>O</b>	Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives	
	Audit Committee report	86 to 89
	Strategic report	1 to 67
	Fair, balanced and understandable Annual Report	87
	Going concern basis of accounting	87 and 121
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Section 5: Remuneration		See page
<b>P</b>	Remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and value	
<b>Q</b>	Procedure for executive remuneration, director and senior management remuneration	
<b>R</b>	Authorisation of remuneration outcomes	
	Remuneration report	92 to 115

## Board responsibilities

The Chairman and Chief Executive have clearly defined roles which are separate and distinct. The specific duties and division of responsibilities between the Chairman and Chief Executive have been agreed by the Board and are set out below, together with information on the roles of the Senior Independent Director, the executive directors, the non-executive directors and the Company Secretary.

### Chairman

- Leadership of the Board and setting its agenda, including approval of the Group's strategy, business plans, annual budget and key areas of business importance
- Maintaining appropriate contact with major shareholders and ensuring that Board members understand their views concerning the Company, especially on governance
- Ensuring a culture of openness and debate around the Board table
- Leading the annual evaluation of the Board, the committees and individual directors
- Ensuring, through the General Counsel, that the members of the Board receive accurate, timely and clear information

### Chief Executive

- Optimising the performance of the Group
- Day-to-day operation of the business
- Reviewing and proposing strategy
- Ensuring effective communication with shareholders and employees
- The creation of shareholder value by delivering profitable growth and a good return on capital
- Ensuring the Company has a strong team of high-calibre executives, and putting in place appropriate management succession and development plans
- Leading and motivating a large workforce of people

### Senior Independent Director

- The Senior Independent Director provides a sounding board for the Chairman and supports him in the delivery of his objectives. The Senior Independent Director is available to shareholders if they have concerns which the normal channels have failed to resolve, or which would be inappropriate to raise with the Chairman or the executive team. He also leads the annual evaluation of the Chairman on behalf of the other directors
- The Senior Independent Director can be contacted directly or through the General Counsel

### Executive directors

- The executive directors are responsible for the day-to-day running of the business and for implementing the operational and strategic plans of the Company

### Non-executive directors

- The non-executive directors play a key role in constructively challenging and scrutinising the performance of the management of the Company and helping to develop proposals on strategy

### Company Secretary

At Whitbread the General Counsel acts as the Company Secretary. The duties performed in the Company Secretary element of the role include the following:


- Advising the Board on legal matters, corporate governance and Board procedures
- Arranging and minuting the Board and committee meetings
- Providing support to the Chairman, the Chief Executive and the Board committee chairs
- Enabling and supporting communication between directors and senior management to the Board and committees



# Board of Directors

We believe that it is vital for the Board to include a diverse range of skills, backgrounds and experiences, to enable a broad evaluation of all matters considered and to contribute to a positive culture of mutual respect and constructive challenge.

The mix of skills and experience represented on the Board is outlined on page 69.




1

**Adam Crozier**  
Chairman

N

R




2

**Dominic Paul**  
Chief Executive



3

**Hemant Patel MBE**  
Chief Financial Officer




4

**Richard Gillingwater**  
Senior Independent Director

N

R



5

**Kal Atwal**  
Independent  
non-executive director

N

R



6

**David Atkins**  
Independent  
non-executive director

N

R

A

## Key

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair
- Committee member



7

**Fumbi Chima**  
Independent  
non-executive director



8

**Frank Fiskers**  
Independent  
non-executive director



9

**Horst Baier**  
Independent  
non-executive director



10

**Dame Karen Jones**  
Independent  
non-executive director



11

**Dame Cilla Snowball**  
Independent  
non-executive director



12

**Chris Kennedy**  
Independent  
non-executive director



# Board of Directors

**1 Adam Crozier**  
Chairman



**Date of appointment to the Board:**  
April 2017

**Date of appointment as Chairman:**  
March 2018

**Age:** 59

**Experience:**

Adam was Chief Executive of ITV plc from 2010 to 2017. During his time as Chief Executive, ITV was transformed into a global media player of scale, delivering consistently good growth and with increasing emphasis on international content creation and distribution.

Prior to ITV, Adam was Chief Executive of Royal Mail, where he led its modernisation and transformed it from a heavily loss-making position to profitability. He has also been CEO of The Football Association and joint CEO of Saatchi & Saatchi. Adam has served as Chairman of Vue International and ASOS.

**External appointments:**

- BT Group plc (Chairman)
- Great Ormond Street Hospital Discovery Appeal (Trustee)
- Kantar Group (Chairman)

**4 Richard Gillingwater**  
Senior Independent Director



**Date of appointment to the Board:**  
June 2018

**Age:** 66

**Experience:**

Richard retired as Chairman of Janus Henderson Group plc at the end of 2022. He served as a non-executive director of Helical PLC and was former Pro-Chancellor of the Open University. Richard also served as Chairman of SSE PLC from 2015 to 2021.

Richard is a highly experienced executive and has spent much of his career in corporate finance and investment banking with Kleinwort Benson, BZW and Credit Suisse First Boston, before he moved out of banking and became Chief Executive of the Shareholder Executive and then Dean of Bayes Business School.

**External appointments:**

- Spirax-Sarco Engineering plc (Senior Independent Director)
- Wellcome Trust (Chair of the Investment Committee)

**2 Dominic Paul**  
Chief Executive

**Date of appointment to the Board:**  
January 2023

**Age:** 51

**Experience:**

Dominic is an experienced senior executive, with a very strong operational and commercial record in the travel, leisure and hospitality sector, with a track record of growing and transforming brands both in the UK and internationally.

Dominic was previously a member of the Whitbread Executive Committee and Managing Director of Costa Coffee for three years, before serving as CEO of Domino's Pizza Group Plc, where he led the business through the COVID pandemic, and delivered a strong period of sales growth and value creation whilst aligning stakeholders behind a growth strategy for the future.

Previously, Dominic was Senior Vice President of International with Royal Caribbean Cruise Line, where he led the business through a period of strong growth.

**5 Kal Atwal**  
Independent non-executive director



**Date of appointment to the Board:**  
March 2021

**Age:** 51

**Experience:**

Kal has over 13 years' executive committee experience at BGL Group Limited in various roles, including Founding Managing Director of comparethemarket.com. Kal was also Chair of SimplyCook, a tech-enabled meal kit subscription service, prior to its sale to Nestlé.

Kal began her career at EY in Madrid, after which she held a number of operational and strategic roles with Southern Derbyshire Chamber and Northcliffe Media Ltd.

Kal is an experienced strategic leader with international experience in start-up, scale-up, fintech and digital businesses.

**External appointments:**

- Admiral Financial Services Ltd (non-executive director)
- Royal London Group (non-executive director)
- WH Smith PLC (non-executive director)
- OSB Group PLC (non-executive director)
- SimplyCook Ltd (Board adviser)

**3 Hemant Patel MBE**  
Chief Financial Officer

**Date of appointment to the Board:**  
March 2022

**Age:** 53

**Experience:**

Hemant joined Whitbread in 2018 as UK Finance Director, having previously been Finance Director of Greene King Pub Co. He also worked at Asda-Walmart for 11 years, carrying out various management roles including Commercial Finance Director, Director of Own Label and Director of Strategy. He also had several finance roles over six years at Mars, Inc.

He was Chair of the Royal Armouries Museum and was awarded an MBE for services to museums and heritage in the 2020 birthday honours list. He also received the Arts and Business Individual of the Year award in 2007 for his work with Interplay Theatre.

**External appointments:**

- DCMS (non-executive director)

**6 David Atkins**  
Independent non-executive director



**Date of appointment to the Board:**  
January 2017

**Age:** 57

**Experience:**

David was Chief Executive of Hammerson plc, a British property development and investment company, and one of the UK's largest listed property companies. He stepped down from the position in November 2020.

He is also the former Chairman and executive board member of the European Public Real Estate Association (EPRA) and past President and a former committee member of Revo (formerly BCSC).

**External appointments:**

- Reading Real Estate Foundation (director and trustee)
- OCS Group Ltd (non-executive director)
- Landmark Group Holdings Ltd (Chair)

## Key

**A** Audit Committee

**N** Nomination Committee

**R** Remuneration Committee

**●** Committee Chair

**●** Committee member

**7 Fumbi Chima**  
Independent non-executive director

**N** **A**

**Date of appointment to the Board:**  
March 2021

**Age:** 48

**Experience:**

Fumbi is Chief Information Officer at BECU, and previously held similar roles at adidas, Fox Network Group, Burberry, Walmart Asia's business operations and American Express global corporate technologies. Fumbi has more than 25 years of leadership and technology experience in both the retail and financial sectors.

In addition to technology, Fumbi's background showcases a dedication to diversity, women's empowerment and inclusion.

**External appointments:**

- BECU (Chief Information Officer and Executive Vice-President)
- Africa Prudential (independent director)
- Women at Risk International Foundation (director)
- The Azek Company (board member)
- Ted Baker PLC (non-executive director)

**8 Frank Fiskers**  
Independent non-executive director

**R** **N** **A**

**Date of appointment to the Board:**  
February 2019

**Age:** 61

**Experience:**

Frank spent ten years from 2007 as President & CEO of Scandic Hotels Group and took the company public in 2015. He has experience in a number of countries in Europe and Africa.

Frank has served as Chairman of Norstedt and Akademibokhandln. He has also served as a board member of the Swedish Hospitality Employers Association, Dame Thomas Foundation for Young People, and the British Hospitality Association.

**External appointments:**

- Shurgard Self Storage SA (non-executive director)

**9 Horst Baier**  
Independent non-executive director

**N** **A**

**Date of appointment to the Board:**  
November 2019

**Age:** 66

**Experience:**

Horst was Chief Financial Officer of TUI AG, the London-listed Anglo-German leisure travel group for eight years until the end of September 2018. During his time at TUI AG, Horst played an important role in TUI's transformation from a tour operator to a global provider of holidays.

**External appointments:**

- Bayer AG (member of the supervisory board)
- DIAKOVERE GmbH (member of the supervisory board)
- Ecclesia Holding GmbH (member of the supervisory board)

**10 Dame Karen Jones**  
Independent non-executive director

**N** **R**

**Date of appointment to the Board:**  
January 2023

**Age:** 66

**Experience:**

Karen is Senior Independent Director at Deliveroo plc and Chair at both Hawksmoor and Mowgli Street Food, having previously served as Executive Chair at Prezzo and Senior Independent Director at Booker plc.

Karen has a wealth of experience in the restaurant, food and hospitality sectors, having founded Café Rouge and led the formation of Spirit Group as CEO. Karen also has strong experience in executive remuneration, having previously chaired the remuneration committees at ASOS plc and Booker plc.

**External appointments:**

- Deliveroo plc (Senior Independent Director)
- The Crown Estate (non-executive director)
- Hawksmoor (Chair)
- Mowgli Street Food (Chair)

**11 Dame Cilla Snowball**  
Independent non-executive director

**N** **A**

**Date of appointment to the Board:**  
January 2023

**Age:** 64

**Experience:**

Cilla has a wealth of advertising, marketing and digital experience, having been made a Dame in 2017 for her services to advertising, diversity and equality.

Cilla started her career in advertising and served as Group Chief Executive at Abbott Mead Vickers BDDO Ltd from 2006 to 2018. Cilla is also on the BBDO Worldwide board, and Chair of both the Advertising Association and the Women's Business Council.

**External appointments:**

- Derwent London plc (non-executive director)
- Genome Research Ltd (non-executive director)
- Wellcome Trust (Governor)
- University of Birmingham (Council Member)

**12 Chris Kennedy**  
Independent non-executive director

**A** **N**

**Date of appointment to the Board:**  
March 2016

**Age:** 59

**Experience:**

Chris is Chief Financial Officer and Chief Operating Officer of ITV plc, which he joined in February 2019.

Prior to this, Chris held CFO roles with Micro Focus International plc, ARM Holdings plc and easyJet plc, having previously spent 17 years in a variety of senior roles at EMI.

Chris was voted FTSE 100 CFO in 2015.

**External appointments:**

- ITV plc (Chief Financial Officer)
- The EMI Group Archive Trust (Trustee)
- Great Ormond Street Hospital Trust (Trustee)

## Executive Committee



**Dominic Paul**  
Chief Executive



**Hemant Patel**  
Chief Financial Officer



**Rachel Howarth**  
Chief People Officer



**Chris Vaughan**  
General Counsel



**Simon Jones**  
Managing Director  
for Premier Inn  
and Restaurants UK  
and Global Commercial  
Director



**Nigel Jones**  
Group Operations  
Director



**Simon Ewins**  
Managing Director, UK  
Hotels & Restaurants



**Mark Anderson**  
Managing Director,  
Property and  
International

The Executive Committee meets on a fortnightly basis and is chaired by Dominic Paul

It has authority to manage the day-to-day operations of the Group's businesses, with the exception of those matters reserved for the Board, within the financial limits set by the Board.

The Committee's responsibilities include:

- formulation of strategy for recommendation to the Board;
- management of performance in accordance with strategy and budgets;
- talent and succession;
- risk management;
- capital investment decisions (where Board approval is not required);
- cost efficiency, procurement and organisational design;
- reputation and stakeholder management;
- culture, values and sustainability;
- health and safety; and
- customer engagement and product development.

Rachel Howarth is Chief People Officer, responsible for Human Resources across the organisation in the UK and Germany, and the opportunity pillar as part of our Force for Good programme.

Nigel Jones leads Whitbread's strategy and operations for Technology, Procurement & Supply Chain and the overall Whitbread transformation plan, as well as having responsibility for safety and security across the business.

Mark Anderson is responsible for the acquisition, development and management of Whitbread's substantial property portfolio and in addition he leads Whitbread's International businesses, overseeing development and operations in Germany and the Middle East, and M&A.

Simon Jones leads the UK business, for both Premier Inn and Whitbread's portfolio of restaurant brands. Simon is responsible for the performance of the UK business and is directly accountable for hotel and restaurant operations, brand marketing and communications, proposition development, revenue management and pricing, F&B development and trading. Simon also leads the commercial, brand and marketing agenda in Germany.

Simon Ewins is responsible for all Hotel & Restaurants portfolio operations across the UK and Ireland and represents a very large proportion of the Whitbread workforce.

Chris Vaughan has been General Counsel since joining the Company at the end of 2015. He is also the Company Secretary and is the Executive Committee member responsible for Whitbread's sustainability programme, Force for Good.

Biographical details for Dominic Paul and Hemant Patel can be found on page 76.

## Board activities during the year

In advance of each Board meeting, a set of Board papers, including monthly financial and trading reports, is circulated so that directors have sufficient time to review them and arrive at the meeting fully prepared.

The Board has a rolling forward agenda which sets out matters to be considered throughout the year ahead. One full day every year is dedicated to strategy. Following these sessions, the Board agrees the significant topics to be discussed at its meetings during the year. The rolling agenda is then updated to ensure that there is a structured approach to the consideration of topics and that recurring issues are evenly spread across the calendar. The Board gives its attention to each area of the business in turn so that a strong understanding of the entire Company is maintained. The rolling agenda is regularly reviewed and updated, and is circulated to the Board quarterly.

The agenda for each Board meeting is agreed with the Chairman and the Chief Executive so that current events and potential future issues can be discussed alongside the regular reports. Standard items for each meeting are a review of progress on action points, reports from the Chief Executive, the Chief Financial Officer, the Chief People Officer and the General Counsel, and a KPI pack. The General Counsel keeps minutes of the meetings and produces a list of agreed actions for each meeting.

At the meetings during the year, the Board discharged its responsibilities and considered a range of matters as shown on the right.

Board processes and topics to be discussed are continually reviewed to ensure that the correct focus is given to the key issues highlighted at the strategy day.

The Chairman meets with the non-executive directors without the executive directors present mostly around Board meetings.

The Senior Independent Director meets annually with all non-executive directors to review the performance of the Chairman. A review of the Board was carried out during the year.

There is a schedule of matters reserved exclusively to the Board; all other decisions are delegated to management. Those matters reserved exclusively to the Board include:

- approval of Group financial statements and the preliminary announcement of half-year and full-year results;
- approval of and changes to the Group's capital structure, strategy, the annual budget and the Group's business plan;
- approval of capital projects, acquisitions and disposals valued at over the limit set out in the matters reserved to the Board;
- approval of interim dividends and recommendation of final dividends; and
- establishment of Board Committees.

### Board agenda 2022/23

#### Standing agenda items

- Chief Executive's report
- Chief Financial Officer's report
- General Counsel's report
- Chief People Officer's report
- Premier Inn & Restaurants MD report
- Property & International MD report
- Approval of capital projects
- KPI pack

#### Q2

- Q1 trading update
- Commercial and operational update
- Germany acquisition
- Network planning
- Annual general meeting

#### Q4

- Group strategy
- Operational update
- Germany update
- Budget review
- People strategy
- Talent and succession update

#### Q1

- Approval of year-end documentation
- Risk management and health and safety report
- Force for Good
- Premier Inn and F&B update and strategy discussions
- German acquisition
- Update of the Group's reservation and customer management system
- Defence considerations
- External board evaluation

#### Q3

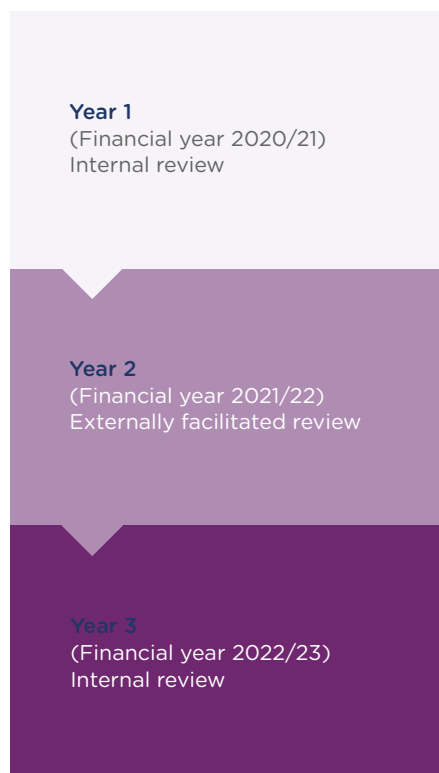
- Germany update
- Commercial and operational update
- 2022/23 interim results
- Cyber security update
- Capital structure and financing
- German acquisition
- Risk management and health and safety report
- ESG update
- People strategy

## Board evaluation

### Board performance evaluation

An evaluation of the Board, its committees, individual directors and the Chairman is carried out each year. Last year, an externally facilitated Board evaluation was carried out, so this year we have undertaken an internally facilitated evaluation.

### Board and committee review cycle



### 2021/22 external evaluation

The following recommendations around four broad areas of culture, governance, connection with the business, and employee engagement were accepted by the Board during its discussion on the evaluation last year. The progress against each recommendation is provided in the table below:

Recommendations from 2021/22	Progress made in 2022/23
<b>Culture:</b> Plan more meetings out in the business	The Board visited various sites as part of Board meetings, most notably in Germany. Further, inductions and other individual visits to sites were arranged in the last year
<b>Governance:</b> Schedule more sessions for the Chairman and non-executive directors to meet	Several formal and informal meetings were held between the Chairman and the non-executive directors, mostly around Board meetings
To consider a further senior female non-executive director appointment	Two female non-executive directors were appointed to the Board in January 2023, Dame Karen Jones and Dame Cilla Snowball
To consider repeating the induction programme after three years on the Board	The Board has discussed this and a plan has been laid out for those directors that choose to repeat the induction programme after three years
<b>Connection with the business:</b> Agreed to consider an informal mentoring programme with non-executive directors and senior managers; and also to have regular check-ins with Executive Committee members	A formal mentoring programme has not been established, but relationships are strong between the non-executive directors and Executive Committee members, and there are links on an informal basis
<b>Employee engagement:</b> Agreed to review how the Board interacts with the wider workforce	The Board met with team members during their site visits in Germany and also regularly engages with Executive Committee members and senior executives

### 2022/23 internally facilitated review - methodology

During the year, the Board conducted an annual evaluation of its performance and that of its three committees by using an online evaluation tool provided by Independent Audit Limited, an independent company which has no other links to Whitbread or its directors. Each director completed a questionnaire in respect of the Board and the respective committees of which they were a member. The General Counsel collated the responses of the evaluation, along with benchmarking data from other boards that had used the same evaluation questionnaires, and the Chairman received an executive summary, highlighting the key outcomes, as did each of the Committee Chairs. Separate reports were then presented to the Board and each committee for discussion.

### Overall summary and recommendations

Overall, the results were very positive, with no major issues or concerns raised. The scores reflect a strong approach to strategy and oversight of performance, a positive culture and dynamic around the Board table, and a Board which is managed effectively.

There is a recognition of progress in some areas flagged last year, most notably on succession planning. Some other areas have been highlighted specifically this year:

- Technology, and how technology can be used as a competitive advantage
- Greater engagement with employees
- A wish to spend more time in the business

A summary of the key points is as follows:

#### Strategy, risk, finance

Overall, the feedback was positive in this area. The Board responded positively to the goal setting process, having a clear picture of the big risks and uncertainties, and assessing the financial health of the Company. Feedback also reflected the fact that with a new Chief Executive there would be renewed focus on strategy and growth.

While there were no topics that were identified as being poorly managed, there were some areas for improvement – in particular, the following:

- Consideration of the big trends which are affecting the business
- Technology and cyber: one issue which was raised was the need for better understanding of the strategic opportunities and risks emerging from technology

- There was a suggestion that a ransomware exercise should be undertaken

#### People, culture and stakeholders

The feedback was positive overall in areas including effective leadership, People strategy and giving consideration to stakeholders. Directors reflected on being in a reasonably stable place with the leadership team and being happy with the talent assessment process with respect to Board inductions.

The feedback also suggested that more work could be done in certain areas, and in particular more time dedicated to ESG issues, the question of how to incorporate ESG into strategic decision making and maintaining and improving the Board's connection with the business.

The main area for improvement related to the engagement of the Board with employees. There is a keen desire from various Board members to engage directly, both formally and informally, with employees. Having more site visits and spending more time out in the business to seek

feedback and engagement from team members was desirable.

#### Board composition, information and development

The feedback under this section was positive overall, especially in relation to the recent recruitment processes for the Chief Executive and non-executive directors. The recruitment process had encouraged engagement from all directors, and it was seen to have been an open and transparent process that was thorough and well-handled.

Feedback on the structure of Board papers was positive. Some suggestions for improvement included consistently adding summaries to allow quick identification of matters requiring focus, putting more detail in appendices and more clearly positioning papers so the Board fully understands the purpose.

#### Meetings, dynamics and committees

The overall feedback was positive around how meetings work and the level of engagement in the meetings as well as trust and openness in the Board discussion. Meetings are well chaired and the level of support provided has been good.

The management of the agenda at Board meetings has been raised again. Meeting agendas can be quite long, and there is a need to make sure that enough time is spent on the most important matters.

#### Next steps

The Board was asked to consider the themes raised in this report, and agree actions for the following year to address the issues which arise from these themes, in particular the following areas:

- More channels for direct formal and informal engagement directly with employees. Planning more site visits within the UK and Ireland and factoring some time to directly engage with employees during this time
- More focus around the benefits which technology can bring, how it could drive strategy, and what risks and opportunities it poses
- Managing the agendas for each meeting

#### Insurance cover

The Company has appropriate directors' and officers' liability insurance in place. In addition to this, the Company provides an indemnity for directors against the costs of defending certain legal proceedings and claims over and above those covered by insurance. These are reviewed periodically.

#### Skills matrix on Board and committees

Every effort has been made to ensure the Board and its committees have the appropriate balance of skills, experience, diversity, independence and knowledge of the Company to enable them to discharge their responsibilities effectively. After assessing independence against the Code, the Board considers all non-executive directors to be independent in judgement and character, and also considered the Chairman to be independent on appointment.

During the year, there have been a number of changes to the Board. Hemant Patel was appointed to the Board with effect from 21 March 2022 as Chief Financial Officer. Dominic Paul joined the Board as Chief Executive on 17 January 2023 and Alison Brittain stepped down from the Board on 2 March 2023. Dame Karen Jones and Dame Cilla Snowball joined the Board as independent non-executive directors on

9 January 2023 and 24 January 2023 respectively.

#### Time commitments of non-executive directors

On behalf of the Board, the Nomination Committee has reviewed the extent of other interests of the non-executive directors. The Board is satisfied that the Chairman and each of the non-executive directors commit sufficient time to their duties and fulfil their obligations to the Company. No executive director has taken on more than one other non-executive directorship in a FTSE 100 company.

#### Training and development

Throughout the year, Board members attended various deep dive sessions across a range of topics, to hone their skills and expertise. Some of the topics covered in these training sessions were:

- Information security and digital transformation
- Audit Committee Chair updates
- BEIS reform agenda
- Updates on financial and non-financial reporting
- Risks and controls
- Education session on ESG governance

All directors have access to independent professional advice at the Company's expense. Directors serving on the Board and committees confirmed that they were satisfied that they received sufficient resources to enable them to undertake their duties effectively. Each director has access to the General Counsel for advice on governance.

The General Counsel prepares a monthly report that includes updates on secretariat and legal matters, along with governance, compliance and insurance. This report is presented and discussed at each Board meeting.

#### Induction process

On appointment, all directors receive a full and formal induction that is tailored to their specific needs.

Dominic Paul joined the Board as Chief Executive in January 2023. Alison Brittain remained on the Board until March 2023 to ensure a smooth transition and handover process. As part of Dominic's induction, he met with the Company's brokers, investment banks, key shareholders and analysts, and has met with Slaughter & May, corporate legal advisers, to understand the role and responsibilities of being a PLC director.

A detailed induction plan was developed for Dominic and this was carried out over the first two months of him joining Whitbread. He met with all members of the Board, all members of the Executive Committee, conducting site visits in the UK and Germany to gain a better understanding of the business. In addition to site visits, Dominic spent several days working on site to understand the operational side of the business. Dominic met with the Germany management team and heads of departments in the UK.

Both Karen and Cilla joined the Board in January 2023 and had tailor-made induction programmes based on their Board and committee roles and their specific Board skill matrix. As part of their induction, meetings were arranged with other Board colleagues and with a number of senior leaders from across the business to get a better understanding of Group strategy, key issues and how the Company is run. They were given access to all historic Board and committee meeting papers. They also met with key external stakeholders, including the auditors, brokers, investment banking advisers and remuneration consultants. They also conducted site visits to better understand the operational side of the business.

### Conflicts of interest

Directors are required to disclose any conflicts of interest immediately as and when they arise throughout the year. In addition, a formal process is undertaken in January each year when all directors confirm to the Board details of their external interests, including any other directorships which they hold.

These are assessed by the Board to determine whether the director's ability to act in the best interests of the Company could be compromised. If there are no such potential or actual conflicts, the external interests are authorised by the Board. All authorisations are for a period of 12 months. No director is counted as part of a quorum in respect of the authorisation of his or her own potential conflict. It is recognised that all organisations are potential customers of Whitbread and, in view of this, the Board authorises all directors' current external directorships.

The Board also assesses the commitments of all the directors to ensure they have sufficient time to dedicate to Whitbread.

### Privacy

Our data protection policies, guidelines and processes set a globally applicable privacy and security standard for the Company and regulate the sharing of information both internally and externally. Our data protection steering group will continue to drive awareness and monitor GDPR compliance through ongoing training and governance.

### Anti-corruption and anti-bribery

Whitbread is strongly opposed to any form of corruption or bribery. We recognise that it impacts societies in many negative ways. Our reputation is built on trust: the trust of our customers, our people, our partners and suppliers, our investors and the communities we serve. Our anti-corruption and anti-bribery policies apply our strict standards worldwide and are reinforced through training and our day-to-day conduct. We encourage all with concerns to speak out and have facilitated this further through our Speaking Out helplines, enabling reporting of concerns on a named or anonymous basis.

### Shareholder relations

In accordance with the Code, the Board recognises that it has responsibility for ensuring that a satisfactory dialogue with shareholders takes place and any major shareholders' issues and concerns are communicated to the Board through the Chairman. The Chairman holds a round of meetings each year with major shareholders to obtain feedback on their views and any issues of concern, and these meetings took place during 2022/23.

The Company communicates with both the institutional and private shareholders through a number of different means. All directors take part in the AGM and shareholders are able to submit questions to directors, including Committee Chairs throughout the year.

The Remuneration Committee Chair engaged with shareholders extensively on matters of remuneration policy, implementation and plans for 2022/23. The Chair had meetings with major shareholders post publishing the annual report and prior to the AGM in June 2022. The Nomination Committee Chair engaged extensively with shareholders around Chief Executive's succession, the Board's composition and diversity, and strategy among other matters.

Further information on shareholder engagement can be found on pages 55 to 58.

### The annual general meeting

The AGM provides all shareholders with the opportunity to communicate directly with the Board and the Board encourages their participation at the meeting, whether in person or via the online platform.

In accordance with the Code, the Notice of AGM and related papers are usually sent to shareholders at least 20 working days before the meeting. The Company proposes a separate resolution on each substantially separate issue including a specific resolution to approve the Annual Report and Accounts. For each resolution, proxy appointment forms provide shareholders with the option to vote in advance of the AGM. All valid proxy votes received for the AGM are properly recorded and counted by Whitbread's registrars.

All voting by shareholders at this year's AGM will be by poll. The voting results, including proxy votes received, will be displayed on a screen at the end of the meeting. In addition, the audited poll results will be disclosed on the Company's website following the meeting and announced through the regulatory news service.

### Share capital

The information that is required by DTR 7.2.6 relating to the share capital of the Company can be found within the directors' report on page 116.

### Statement of the directors in respect of the Annual Report and Accounts

As required by the Code, the directors confirm their responsibility for preparing the Annual Report and Accounts, and consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further detail on how this conclusion was reached can be found in the report of the Audit Committee on page 87.

### Going concern

The directors' going concern statement can be found in the directors' report on page 120.

### Viability statement

The viability statement can be found on page 67.

### Business model and strategy

Information on the Group's business model and the strategy for delivering the objectives of the Company can be found on pages 12 to 15.

## Board Committees

The Board is supported by four committees; the Audit Committee, the Nomination Committee, the Remuneration Committee and the Disclosure Committee. Their terms of reference are reviewed regularly and updated in line with best practice. They are available in full on the Company's website at [www.whitbread.co.uk/governance/reports-policies](http://www.whitbread.co.uk/governance/reports-policies). A detailed report from the Chairman of the Remuneration Committee is set out on pages 92 to 115. Reports from the Audit and Nomination Committees can be found on pages 86 to 91.

## Accountability and internal control

### Internal control and risk management

The Board is responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. These systems are designed to manage rather than eliminate risk of failure to achieve business objectives. They can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the Group's principal risks. This process was in place throughout the 2022/23 financial year and up to the date of this report. The process is reviewed by the Board and accords with the internal control guidance for directors in the Code. A report of the principal risks, together with the viability statement, can be found on pages 60 to 67.

### Risk management

- The Board identifies the principal risks of the Company on a regular basis and throughout the year it reviews the actions in place to mitigate the risks together with assurance and monitoring activity. The analysis covers business and operational risks, health and safety, financial, market, operational and reputational risks which the Company may face as well as specific areas identified in the business plan and budget process.
- All major capital and revenue projects, together with significant change programmes, include the consideration of the risks involved and an appropriate action plan.

## Controls

- The Company reviews and confirms its level of compliance with the Code on an annual basis.
- The matters reserved to the Board require that major projects and programmes must have specific Board approval.
- Limits of delegation and authority are prescribed to ensure that the appropriate approvals are obtained if Board authority is not required to ensure appropriate segregation of tasks.
- Group financial policies, controls and procedures are in place and are regularly reviewed and updated.
- The Whitbread Code of Conduct, setting out required levels of ethics and behaviour, is communicated to employees and training is provided. An externally hosted whistleblowing system is also available.
- The Code of Conduct makes reference to specific policies and procedures which have to be followed.
- Employees are required to undertake tailored training on risk areas including IS security, data protection, anti-bribery and anti-trust law.
- Management is responsible for ensuring the appropriate maintenance of financial records and processes that ensure that financial information is relevant, reliable, in accordance with applicable laws and regulations and is distributed both internally and externally in a timely manner.
- A review of the financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected.
- All financial information published by the Group is subject to the approval of the Audit Committee and the Board.
- An annual review of internal controls is undertaken by the Board with the assistance of the Audit Committee.

## Audit and Assurance

- The Audit Committee approves the audit programme which ensures that the significant areas of risk identified are monitored and reviewed.
- The programme and the results of the internal audits are regularly assessed during the year.
- The Audit Committee reviews the major findings from both Internal and External Audits.
- Internal audits are carried out under the control of the Head of Internal Audit. The reports are reviewed by the Audit Committee and, on a monthly basis, by the Executive Committee to ensure that the actions required to address issues identified are implemented.
- The Head of Internal Audit reports annually to the Audit Committee on the effectiveness of operational and financial controls across the Group.
- Deloitte LLP, the Company's external auditor, reviews and reports on the significant issues identified in its audit report.
- An internal control evaluation process is overseen by the management team which assesses the level of compliance with the controls, policies and processes and the results are reviewed and tested on a sample basis by the internal audit team.
- Post-completion reviews of major projects and investments are carried out and reported on to the Board.
- Internal Audit provides independent programme assurance over strategic programmes, as part of its overall audit plan and as required by the Board, leveraging third-party subject matter experts where appropriate, e.g. the replacement of our hotel management system, HR & payroll system and upgrading the strategic network.

## Strategic importance of the German business



**Horst Baier**  
Independent non-executive director

Horst joined the Whitbread Board in 2019 as an independent non-executive director and has extensive experience in the German leisure and hospitality sector. Previously, Horst served for eight years as Chief Financial Officer of TUI AG and played an important role in TUI's transformation from a tour operator to a global provider of holidays.

Given the strategic importance of Germany to Whitbread, and our growing presence in Germany, we have asked Horst to share his perspective on our strategy in Germany, the strengths and capabilities of our business, the opportunities available to us and how we are adapting to a different market while keeping our brand, values and culture intact.

### Firstly, why is Germany an attractive market for Premier Inn?

**HB:** Whitbread announced its strategy to expand to the German market in 2014. Situated in the middle of Europe, Germany is a hugely successful and significant economy with many large cities and resulting demand for hotels, which was very attractive to Whitbread. The hotel sector in Germany is highly fragmented and mostly dominated by the independent sector. This, combined with structural barriers to entry for franchise operators, makes Germany a highly attractive proposition for the owner-operated model of Premier Inn.

The midscale and economy segment of the German market is the fastest growing segment and, as a budget hotel brand, Premier Inn is well placed to capitalise on this booming market. In Germany, the hotel market is equally split between short stays for leisure and business purposes and, similar to the UK, Premier Inn is well placed to serve both markets consistently.

While the current political situations in the East of Europe have led to some levels of short-term uncertainty, the longer-term outlook is positive for the German economy.

### How have we scaled our presence in Germany?

**HB:** Whitbread opened its first hotel in Frankfurt in February 2016. Immediately pre-COVID-19, Premier Inn still had only five hotels in Germany. We now have 51 hotels across the whole of Germany, and we have invested £1 billion in capital or capitalised leases. Through a good mix of greenfield development and opportune M&A deals, and backed by a strong balance sheet, Premier Inn was able to set itself apart as one of the fastest growing brands in Germany.

We have further ambitions to grow the business. With our open and committed portfolio of almost c.16,000 rooms, we see significant opportunity to grow further and plan to become the largest branded hotel operator in Germany.

### How has the German market recovered from the pandemic?

**HB:** The German market was in lockdown for longer and has been slow to recover from the pandemic, with most restrictions being lifted as late as the end of April 2022. During the summer, when COVID-19 restrictions were minimised, the leisure travel segment led the recovery, closely followed by the business sector, strongly coming through later in the year as business conferences and trade fairs restarted activity. This is reflected in the performance of our



Premier Inn Berlin Alexanderplatz

hotels: Hamburg and Freiburg, which are leisure led, have already emerged from the impact of COVID-19, whereas our more business-led hotels in Frankfurt of comparatively still catching up.

#### What do you think are some of the key highlights of the German business?

**HB:** A key highlight for me would be that our cohort of 18 established hotels, i.e. the hotels which have been open for more than 12 months, are already performing in line with the market and so this is a strong indicator that the brand proposition is working in Germany.

The Board is very focused on maintaining the right balance between achieving profitability in the business as soon as possible, but continuing a strong trajectory of growth. New sites can create a drag on short-term profitability, as new sites take a while to mature, but it is the right thing to do strategically.

The Premier Inn brand proposition has proved it can work well in the German market. We have drawn on our decades of experience in the UK, in providing great value for money, a friendly and warm service, and delivering consistency across our entire chain of hotels. Such strengths, coupled with real scale, are pre-requisites for a successful budget hotel brand and, with the right market structure and consumer behaviours, can be replicated in other markets, including Germany.

That said, we have also tailored our offer to the German customer and there are

some differences to our offering in the UK: for example, German guests are typically happier with a smaller room, like different breakfast options to UK guests, prefer showers to baths and like a more heavily designed ground floor and bar area. We are tailoring our proposition to these guest preferences.

#### Can you talk us through your strategy in Germany?

**HB:** As I said earlier, we have grown our business very quickly in Germany, and we have established a great platform from which we can continue to grow. We are also ambitious and, with approximately c.16,000 rooms open or committed, we are well on our way to becoming the largest branded hotel chain in Germany.

We are committed to reach profitability, and will prove we can generate the 10-14% returns which our shareholders expect. We remain confident in our thesis: Germany is a large and profitable market and that structurally the market that is highly attractive, with a large independent hotel sector and a relatively small branded midscale and economy hotel sector. So the signs are good and we are well on our way to proving that our model can deliver attractive returns in this large and exciting market.

#### How is the Force for Good strategy integrated across the German business?

**HB:** Our sustainability strategy is very important for the German guest. We see a significant shift in the importance of ESG issues in Germany, and it is important for us to take a leading

position, if we want to be a market leader. It is also important to our teams, particularly the younger generation, as they join the Company and can see all of our efforts being made to drive positive change. I see it as a potential differentiator for us.

In Force for Good, we already have a great programme, one which is industry-leading, and we are now rolling it out in Germany. Our commitment to be net zero by 2040 includes our hotels in Germany and all Premier Inn sites are built to a similar standard to 'BREEAM Excellent' in the UK. We have partnered with CHILDREN and already raised nearly €400,000 to benefit the lives of underprivileged children in Germany. Guests who stay for more than one night can opt out of having their room cleaned and instead donate a hot meal to CHILDREN.

Premier Inn Germany is committed to the same diversity and inclusion targets as exist in the UK, and offers a clear opportunity and pathway for all our team members to become a hotel manager if they work hard and possess the right skills and commitment. Together with our attractive rates of pay, these factors are all strong contributors to Premier Inn Germany having strong staff retention rates.

# Audit Committee report



**Chris Kennedy**  
Chair, Audit Committee

The Committee met four times in 2022/23. Meetings were attended by members of the Committee and, by invitation, the Chairman of the Board, the Chief Executive, the Chief Financial Officer, the Head of Internal Audit, the Group Financial Controller and other relevant people from the business when appropriate.

The external auditor, Deloitte LLP, is also invited to meetings except where discussion includes matters relating to its own independence, performance, reappointment, fees or audit tendering.

## Composition of the Committee

In accordance with the UK Corporate Governance Code 2018, the Board has confirmed that all members of the Committee are independent non-executive directors and have been appointed to the Committee based on their individual financial and commercial experience.

The Board has also confirmed that I, as Chair of the Committee, have recent and relevant financial experience through my current appointment as Chief Financial Officer of ITV plc and my previous appointments as Chief Financial Officer of Micro Focus International plc and ARM Holdings plc, together with my past role as Group Finance Director of easyJet plc.

As part of the Company’s governance processes, an internal evaluation of the Committee was undertaken this year. The results of the evaluation were positive. The evaluation concluded that the Committee is very effective, well chaired and is effective at managing the reporting environment and risk processes. The level of expertise on the Committee is good, with good discussion and debate. It was recognised that areas of focus for the Committee were to review the operation of the control and risk management framework, including the operational IT risks, consider the process for assessing the effectiveness of both internal and external audit, and to ensure Committee papers include executive summaries which set out focus areas.

## Membership of the Audit Committee and meeting attendance

Name of director	Meetings attended and eligible to attend
Chris Kennedy (Chair)	4/4
David Atkins <sup>1</sup>	3/4
Horst Baier	4/4
Fumbi Chima	4/4
Frank Fiskers	4/4
Cilla Snowball <sup>2</sup>	0/0

1 The one Audit Committee meeting that David Atkins was unable to attend was due to a previously arranged personal commitment.

2 Cilla Snowball was appointed to the Board on 24 January 2023 and no meetings were held between that date and the end of 2022/23.

## Role and responsibilities of the Committee

The Board has delegated specific responsibilities to the Committee in accordance with the Code. The key responsibilities of the Audit Committee are to:

- monitor and review the integrity of the Group’s half-year and full-year financial results, and the financial reporting process including consideration of these reports being fair, balanced and understandable;
- monitor the statutory audit of the parent company and consolidated financial statements;
- review the Group’s internal controls and risk management systems;
- review and monitor the independence and effectiveness of the external auditor, in particular, the provision of additional services;
- monitor and review the effectiveness of the Group’s internal audit function; and
- have primary responsibility for the recommendations to the Board in relation to the external auditor.

To aid its review, the Committee considers reports from the Group Financial Controller, the Head of Internal Audit also reports from the external auditor on the outcomes of its half-year review and annual audit. The Committee looks for constructive challenge from Deloitte as external auditor.

## Significant matters in the financial statements

The key areas of judgement and estimates considered by the Committee, in relation to the 2022/23 accounts and disclosed in Note 2 to the consolidated financial statements on pages 148 and 149, were:

### Adjusting items

The Committee challenged the appropriateness of the presentation of adjusting items, giving consideration to the nature and significance of each item classified as adjusting. The Committee concluded that the items met the criteria as defined by the accounting policy and that the policy had been applied consistently across years.

### Defined benefit pension

The Committee reviewed, considered and exercised judgement on the assumptions used to calculate the fair value of pension scheme assets and present value of defined benefit obligations under IAS 19, to satisfy itself that appropriate consideration and balance had been given to all macroeconomic factors. The principal assumptions used and the sensitivities around them were considered and the consistency in approach from 2021/22 to 2022/23 was assessed.

### Impairment testing – property, plant and equipment, goodwill and right-of-use assets

The Group's impairment reviews require significant judgement in estimating the recoverable amount of its cash generating units. An impairment review was undertaken at half year which resulted in the recognition of a net impairment reversal of £35.9m (impairment charge £10.6m and impairment reversal £46.5m) across UK and Ireland and no impairment or reversals being recognised in Germany. The reversal was driven by the recovery and strengthening of trading performance across the UK estate.

A further impairment review was undertaken at year end which resulted in the recognition of a net impairment charge of £35.2m (impairment charge £43.7m and impairment reversal £8.5m) across UK and Ireland and a charge of £30.8m being recognised in Germany. The increase in market interest rates has driven higher impairments in the UK and Germany, impacting UK standalone restaurants and those sites where F&B revenues represent a more significant portion of total sales and German sites where the pace of expansion and a number of portfolio acquisitions has led to a distribution of performance.

The Committee reviewed the approach taken to the impairment review. The Committee challenged management's approach, in particular the methodology used to estimate both value in use and fair value less costs of disposal for site level impairment reviews. The Committee also challenged the inputs used in management's model, with a specific focus on discount rates and growth rates. The Committee was satisfied that the Group has appropriately performed the impairment reviews, accounted for the impairment and impairment reversals identified and that the related disclosures were appropriate.

### Property transaction including sale and leaseback of land

The Committee reviewed and considered the judgement inherent within the property transaction to allocate the value between the sale and leaseback of land and the sale of a hotel under construction with reference to the appropriate accounting standards to determine the transfer of control for each part of the transaction.

Judgement was used to allocate the proceeds between the two distinct elements of this transaction, which was challenged by the Committee, concluding that the allocation and judgement made were appropriate.

## Fair, balanced and understandable

In order to confirm to the Board that the Annual Report and Accounts, taken as whole is fair, balanced and understandable, there has been a thorough verification and approval process using the Committee's knowledge of the Company, as outlined below:

- The Annual Report and Accounts is drafted by the appropriate senior management with overall coordination by the Secretariat team to ensure consistency.
- Comprehensive reviews of the drafts of the Annual Report and Accounts are undertaken by management, members of the Executive Committee and the Audit Committee Chairman.
- A final draft is reviewed by the Audit Committee prior to consideration by a committee of the Board.
- Formal approval of the Annual Report and Accounts is given by a Committee of the Board.

## Going concern and viability

The Committee received regular updates on the steps taken by management to secure liquidity for the recovery period and beyond. The assessment of the Group to continue as a going concern is supported by the following:

- Cash and cash equivalents of £1.2bn at the balance sheet date.
- The Group maintains headroom to its current financial covenants in excess of £2.0 billion throughout the going concern period.
- £1.0 billion of sterling bonds maturing outside of the going concern period, between October 2025 and May 2031, with no covenants.

In addition, the Committee has reviewed the Group's assessment of viability over a period greater than 12 months. In assessing viability, the Committee has considered the Group's position following the steps taken during the year as listed above and the three-year plan recently approved by the Board. The Committee considered the potential financial impact of the Group's principal risks and uncertainties, including the impact of climate change and related legislation on the Group's operations as well as all aspects of the Group's capital allocation framework.

## Internal control and risk management

The Audit Committee monitors the systems of risk management and internal control. In addition, the Committee completes an annual review of the effectiveness of these systems, assessing the risk management framework and policy, management's risk assessment and review process, and the monitoring and reporting of risk. This review is completed in conjunction with an internal control effectiveness review from Internal Audit and Group Finance, and considers all material controls, including financial, operational and compliance controls. The system and processes were considered to be robust in the UK and maturing in our overseas businesses; where areas of improvement were noted as processes are being embedded.

During the year, the Committee dedicated time to the following matters:

- UK corporate reforms – the Government response was released to the BEIS white paper and the Committee was updated on these positions along with those from the FRC, whilst updating on Whitbread's readiness for any potential new regulations.

## Audit Committee report

- TCFD – a detailed update on planning and progress for disclosure requirements was discussed, reflecting recommendations highlighted as part of our ongoing reviews.
- One important element of our fraud framework is our employee whistleblowing line, which was reviewed to assess the effectiveness of the system with a specific focus on transparency of reporting and follow-up of incidents.
- The provision of service auditor reports for our key service providers and the wider controls needed in these service areas.
- The impact of new business processes and the control enhancements needed to support these changes.
- An initial view on controls needed to support the change in hotel management system in 2023/24 and the process impact this will have.

A robust assessment of the principal and emerging risks facing the Company was carried out by the Board, considering risk appetite, and each risk was assessed and the level of assurance required was determined. Further details of the principal risks identified and agreed by the Company can be found on pages 60 to 67.

### Internal Audit

The internal audit function provides independent assurance through reviewing the risk management processes and internal controls established by management.

The Audit Committee discusses and approves the internal audit annual plan, which aims to provide objective and insightful assurance that appropriate controls are in place to support our strategy and growth ambitions. The Head of Internal Audit provides regular updates on progress against the plan, key findings, as well as progress of audit action completion, at each meeting. To help the Committee gain assurance that the internal audit function is independent, the Committee meets with the Head of Internal Audit at least once a year without the presence of management.

Over the last 12 months, the business audits primarily focused on commercial and operational areas. In Germany, a number of higher-level, discovery pieces were completed to understand the developing control environment, and to inform the risk-based plan for more detailed future audits. Group wide audits were delivered across the technology functions focusing on cyber risk, as well as a series of programme assurance

reviews which have been conducted across our three technology led strategic programmes being the replacement of our hotel management system, HR & payroll system and upgrading the strategic network.

Following the completion of an independent external quality assessment (EQA) in January 2022, by PwC, the team has implemented various continuous improvement activities during the year focusing on embedding a series of KPI metrics, improved stakeholder management and ensuring subject matter experts are bringing external insights to complex audits.

A rolling 24-month audit plan is proposed, with the first 12 months of activity agreed by the Committee in March 2023. By moving to a 24-month audit plan, we have greater flexibility and agility to respond and re-prioritise audits as business priorities change. The Internal Audit plan is developed on the following basis:

- It is risk based, aligned to Whitbread's principal risks, and determined by the Audit Universe, which sets out all auditable areas of the business and assigns each area a risk level and recommended audit frequency.
- It considers areas of major change within the business, recurring themes from previous audit results and the views of management.
- Follow-up audits are also planned in areas where past audits highlighted significant risks to ensure remedial actions have been implemented and are working effectively to reduce Whitbread's risk exposure.

### External auditor

On behalf of the Board, the Committee oversees the relationship with the external auditor. Deloitte was appointed as the auditor of the Company in 2015 following a formal tender process, and reappointed at the 2022 annual general meeting. The current lead audit partner is Katie Houldsworth, who was appointed in 2020.

### Audit effectiveness

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. We receive from Deloitte a detailed audit plan, identifying its assessment of these key risks.

These risks were reviewed and they, together with the work done by the auditor, were challenged to test management's assumptions and estimates around these areas, as well as

other areas reported upon. The effectiveness of the audit process was assessed in addressing these matters through the reporting we received from Deloitte at both the half year and year-end. In addition, feedback was sought from the Committee, the Board and management on the effectiveness of the audit process and targeted and tailored questionnaires were completed.

An assessment of the effectiveness of Deloitte in respect of the previous financial year was undertaken in July 2022. Overall, the audit was effective and executed to a high standard with relevant and robust challenge together with partnering on significant judgemental areas and best practice governance. However, it was noted that there was still room for improvement in respect of the planning and timeliness of audit requests.

As part of our review process for the financial year, the Committee will be assessing the work of the year-end audit after it is finalised, incorporating an external audit effectiveness review for this financial year which will be completed and reported to the Audit Committee.

The Committee confirms that the Company has complied with regard to the requirement of the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. The Group intends to put the external audit out to tender every ten years in the future, with the next tender expected to be in second half of 2023/24.

### Auditor independence

To safeguard the objectivity and independence of the external auditor, the Committee's terms of reference set out the policy in respect of provision of services by the external auditor. The Committee regularly reviews this policy for necessary changes in response to changes in related standards and regulatory requirements. This policy was updated in March 2020 to incorporate the Revised Ethical Standards issued by the FRC in December 2019.

The policy defines prohibited services that are not to be provided by the auditor because they represent a risk to the external auditor's independence. For certain services that are not prohibited, because of the knowledge and experience of the external auditor and/or for reasons of confidentiality, it can be more efficient or prudent to engage the external auditor rather than another party. This is particularly the case with audit-related assurance services that are

closely connected to the audit function where the external auditor has the benefit of knowledge gained from work already performed as part of the audit.

For certain specified audit and audit-related services, the Group can employ the external auditor without reference to the Audit Committee, subject to a specified fee limit of up to £250,000. For the services permitted in certain circumstances, agreement must be sought from me, as Chairman of the Committee, where fees are less than the limit specified, or with full Audit Committee approval where fees

are anticipated to be greater than £250,000. A tender process would be held where appropriate.

Total non-audit fees amounted to £0.1m consisting of the interim review and benchmarking of the Group's TCFD disclosures. Although this is considered to be a non-audit service, the objectives of the review are aligned with the audit.



**Chris Kennedy**

Chair, Audit Committee

24 April 2023

## Main activities during the year

In 2022/23, the Audit Committee's work covered internal controls, risk management, internal audit, external audit and financial reporting. The details of the matters discussed at Committee meetings are shown below.

### March 2022

- Review of year-end Financial Statements and Report template; including accounting judgements, estimates methodology, tax, and summary of COVID-19 grant and subsidiary audits
- External audit approval of remuneration, terms of engagement, non-audit fees and controls update
- Internal audit approval of plan, Audit Committee quality evaluation
- Risk and controls – review of risk management process, approval of policy, update on financial control framework, Speaking Out reports and litigation review
- TCFD Disclosure draft
- Audit Committee rolling agenda and terms of reference

- Assurance update and Group's reservation and customer management system update

### April 2022

- 2021/22 Annual Report and Accounts including strategic report, governance and consolidated accounts
- External audit – year-end audit report and non audit fees
- Internal audit – internal audit report; terms of reference and R&M report
- Risk and controls – review of statements on risk management and tax controls
- Compliance report
- Green Bond allocation
- External committee evaluation
- TCFD Report
- Meeting with auditors without executive team present

### July 2022

- Risk and controls – financial control update and BEIS proposals
- Compliance – treasury policy approval and tax strategy

- Internal audit – progress update on audit plan, update on EQA action plan and committee effectiveness review

- External audit – auditor effectiveness review

- Task Force on Climate-related Financial Disclosures

### October 2022

- Review of FY23 Interim Results – including management papers in relation to judgements and estimates, impairment and going concern
- External audit – half-year report, interim letter of representation, preliminary audit plan and BEIS update
- Risk and controls – Germany litigation review, tax and controls update (Q2 Financial Control Framework, Fraud; IT General Controls)
- Internal audit – interim update including retail audit
- Compliance – UK litigation review, compliance report and Whistleblowing review

## Activities post financial year

### March 2023

- Review of year-end Financial Statements and Report template; including accounting judgements, estimates methodology, and subsidiary audits
- External audit approval of remuneration, terms of engagement, non-audit fees and controls update
- Internal Audit approval of plan, Audit Committee quality evaluation

- Risk and controls – review of risk management process, approval of policy, update on financial control framework, Speaking Out reports and litigation review
- Audit Committee evaluation
- Green Bond allocation report
- Audit Committee rolling agendas and terms of reference

### April 2023

- 2022/2023 Annual Report and Accounts including strategic report, governance and consolidated accounts

- External audit – year-end audit report and non audit fees
- Internal audit – internal audit report and terms of reference
- Risk and controls – review of statements on risk management and tax controls, financial control framework, fraud risks and litigation report
- Compliance report – Whistleblowing, TCFD and transition plan
- Audit Committee rolling agendas and terms of reference
- Meeting with auditors without executive team present

# Nomination Committee report



**Adam Crozier**  
Chair, Nomination Committee

This year, we are pleased to welcome Dominic Paul to the Board as Chief Executive and Karen Jones and Cilla Snowball as independent non-executive directors.

### Role of the Committee

The role of the Nomination Committee is to review the composition of the Board and Executive Committee and to plan for its refreshment as appropriate. 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, including gender), and make recommendations to the Board;
- to consider succession planning for the Board and senior management, oversee the development of a diverse pipeline for succession 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;

### Membership of the Nomination Committee and meeting attendance

Name of director	Meetings attended and eligible to attend
Adam Crozier (Chair)	8/8
David Atkins	8/8
Kal Atwal	8/8
Horst Baier	8/8
Fumbi Chima	8/8
Frank Fiskers	7/8
Richard Gillingwater	8/8
Chris Kennedy	8/8
Karen Jones <sup>1</sup>	1/1
Cilla Snowball <sup>2</sup>	0/0

<sup>1</sup> Karen Jones was appointed to the Board on 9 January 2023 and has attended the one meeting that she was eligible to attend.

<sup>2</sup> Cilla Snowball was appointed to the Board on 24 January 2023 and therefore was not eligible to attend any of the meetings.

- 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.

As a business that is committed to being a force for good, it is important that we are as diverse as the communities we serve, at all levels of our business, up to and including our Board. Diversity mitigates biases and

group think, especially in leadership forums such as our Board and Executive Committee where strategic decisions are made.

We are very supportive of the FTSE Women Leaders targets, and Parker Review targets, and will continue to drive positive change within our organisation using these recommendations to meet these targets.

You can read more about this in our Diversity & Inclusion Policy and our Board Diversity Policy on our website <https://www.whitbread.co.uk/governance/reports-policies/>

## Outcome of Nomination Committee evaluation

As part of the Company's governance processes, an internal evaluation was undertaken of the of the Committee's effectiveness. The results show the Committee has a good balance of skills, knowledge and experience. Members of the Committee responded positively to questions on the process that was used for recruitment and the level of openness, transparency and engagement that was encouraged throughout the process. An area of focus for the Committee will be meeting members of the wider executive team and giving them Board exposure as part of building a pipeline for succession to senior management and executive roles.

## Female representation

We have strong female representation at Whitbread. 64.9% of our total workforce is female, along with 33% of our Board, with four female directors. It has been a conscious decision by the Board to make progress on gender representation. Improvements will continue to be made to ensure the Board is well-balanced and in compliance with requirements.

While making these decisions, the Board evaluated the tenure and skills of each Board member along with the strategic goals and objectives of our organisation. Karen Jones is Senior Independent Director at Deliveroo plc and Chair at both Hawksmoor and Mowgli Street Food, having previously served as Executive Chair at Prezzo and Senior Independent Director at Booker plc. Karen has a wealth of experience in the restaurant, food and hospitality sectors, having founded Café Rouge and led the formation of Spirit Group as CEO. Breakfast is an important part of the Premier Inn offering and Karen's expertise is a valuable addition for Premier Inn.

Cilla Snowball has strong advertising, marketing and digital experience, having served as Group Chief Executive at

Abbott Mead Vickers BDDO Ltd, and on the BBDO Worldwide Board, and as Chair of both the Advertising Association and the Women's Business Council. The Nomination Committee will continue to assess the balance of skills and experience on the Board, whilst ensuring that it is appropriately diverse.

## Ethnic representation

Across the organisation, 15.3% of our teams identify as Black, Asian, or Mixed Ethnicity, and we are proud to represent the diverse communities we serve. Within our leadership population, we are making progress against our 8% representation target by the end of 2023, as 6.7% of our leaders are Black, Asian or Mixed Ethnic.

On our Board, we currently have three directors who identify as Black, Asian or Mixed Ethnic. We have met the Board target set by the Parker Review of '1 by 21' and are very supportive of the enhanced targets now set, which aligns with the work we continue to do in this area to drive greater ethnic representation in leadership roles.

In the last 12 months, we have also externally published the ethnicity pay gap report, sharing our findings with our teams along with our race action plan. Representation at a senior level continues to be a key action and we recognise that, whilst we are making progress, we still have more to do. There is more detail on our Diversity and Inclusion commitments in the Opportunity section on pages 46 and 47.

## Succession planning

The Chairman leads the Committee in annually evaluating 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 strategic objectives of the organisation as well as the cultural fit of every member of the Board. Additionally, a review of the current talent market for key roles such as Chief Executive and Chief Financial Officer is conducted and refreshed regularly. This process helps the Committee ensure a robust succession plan and development of a diverse pipeline in line with the Board's policies and Diversity and Inclusion commitments.

As part of our annual talent cycle, we review the long-term succession plan for our Executive Committee and its direct reports. The Committee recognises the importance of reviewing the internal succession strength and ensuring robust emergency and medium-term succession plans are in place. We also value deep

dive talent reviews into the critical capabilities of the Executive Committee and senior leadership team. This review includes both the UK and Germany. In the coming year, the Committee intends to carry on its work towards furthering the gender and ethnic diversity throughout the organisation including the Board.

## Chief Executive succession

As part of the routine succession planning processes, discussions took place between myself and Alison Brittain regarding Alison's personal plans. At the appropriate time the Nomination Committee reviewed the core capabilities which would be required of a future Chief Executive, together with the personal and cultural attributes which would be needed to take on the position.

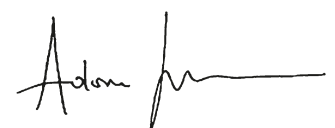
At the appropriate time, the Committee appointed Spencer Stuart, a third party consultant fully independent from the Company and its directors, to identify potential candidates for the position, from a diverse group of individuals. Spencer Stuart then provided a long list of candidates, which was narrowed down by the Committee to a smaller group to be interviewed for the position. Meetings were held with myself and with individual non-executive directors, and then a presentation was made to the whole of the Nomination Committee.

As a result of this process, the Board unanimously decided that Dominic Paul was the preferred candidate and his appointment was subsequently confirmed.

## Our approach to the annual re-election of directors

As required by the Code, all directors will be subject to re-election at the 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**  
Chair, Nomination Committee  
24 April 2023