

Remuneration Committee report



Frank Fiskers

Chair, Remuneration Committee

As you have seen elsewhere in this report, this year has been a year of exceptional performance across Whitbread. This time last year, although we had emerged from the worst that the pandemic had thrown at us, the Omicron wave was still fresh in our minds and significant uncertainty remained about the year ahead.

Actions taken by management, both during the darkest days of the pandemic and in the weeks and months during which we all started getting back to a more normal way of life, have enabled Whitbread to emerge from the pandemic in a stronger position than it went into it. Market share has increased, we have outperformed the market significantly, the operational and commercial performance in the core UK market has been excellent and Premier Inn has grown significantly in Germany.

Summary of financial and incentive outcomes

Our profit for the year of £413.4m was a return to pre-pandemic levels, and we significantly outperformed the market, with total UK accommodation sales growth 25.2% ahead of the UK midscale and economy market. In Germany, we now have 51 open hotels, with accommodation sales 249% ahead of 2021/22. We have not received any COVID-related Government support relating to the 2022/23 financial year.

Given this outstanding performance, the annual incentive awards received by executives are at the top end of the range. As you would expect, the Committee has carefully considered whether payouts at this level are appropriate, both in the context of the economic backdrop in the UK and with careful consideration of the treatment of other stakeholders: how our employees have been treated, and how shareholders, customers, suppliers and others have fared over the year. This

time last year, the Committee chose to exercise its discretion to reduce payouts under the Annual Incentive Scheme (AIS), but this year we have concluded that it would not be fair or reasonable to make a similar reduction. We have concluded that the experience of all our stakeholders has been strong and it is therefore right that management is rewarded appropriately in line with the outstanding performance delivered.

The Committee had to consider the vesting level of the 2020 Restricted Share Plan (RSP) award where performance was significantly impacted by the pandemic with one of the underpins being unable to be met from early in the performance period. Although the Committee believes that the Whitbread management team delivered everything that was possible given the environment we were operating within, it was cognisant that shareholder returns were impacted by the wider environment over the period. It was, therefore, decided that the 2020 RSP award should vest at 45% of the amount awarded (including an adjustment to take into account the fall in share price before grant). The Committee believes that the outcomes of the annual incentive and RSP are both appropriate and aligned with the performance of the Company over their respective performance periods, and that the Policy has operated as intended.

2020 Restricted Share Plan award

The 2020 RSP grants were the first made under the remuneration policy approved by shareholders in December 2019. The underpins set for the first award were designed to protect against any payment for failure, whilst recognising the need to continue to invest significant sums of capital in the business, in order to deliver on our strategy for growth.

As I explained in the 2021 report, during the course of this award cycle we were concerned about being able to meet the 2020 RSP underpins because of the temporary closures and severe operating restrictions we were subject to during the pandemic, with significant consequences for motivation and retention. As such, we decided to evaluate performance in its full context at vesting by considering all relevant factors and metrics in a holistic manner in addition to the underpins.

The RSP has two underpins and, for each underpin that is not met, the Committee may reduce the vesting outcome by up to 50% of the total award. Whilst the Committee reviewed the formulaic outcome under each underpin, this was just one factor within the overall assessment.

The first underpin is a test of average return on capital employed (ROCE) relative to weighted average cost of capital (WACC) over the performance period. Given the material losses made in 2020/21, this underpin was not met as a three-year average; however, it was met in the final year. The second underpin assessed our debt to funds from operations (FFO) leverage ratio and this underpin was met.

When considering performance in the round, the Committee noted the strong performance of the Whitbread leadership team over the period, including its resolute steering of the business through the challenges of the pandemic, significantly increasing our market share when we were legally permitted to trade and setting up the Company for future growth opportunities. The Committee believes that management has delivered everything that was possible given the environment we were operating within, and this is demonstrated by the strong 2022/23 outcomes. The Committee also considered the experience of the Company's other stakeholders through the whole period.

However, the Committee is cognisant of the fact that shareholder returns have also been impacted by the wider environment and the performance relative to the underpins.

The Committee commends management's outstanding contribution over the period but concluded that it is appropriate to lapse the full 50% relating to the ROCE underpin that was missed. It noted that, in the final year of the period, ROCE performance was strong, but considered that this is appropriately rewarded in the AIS results.

The Committee also considered whether any 'windfall' gain had arisen as a result of this award being granted in 2020. While share price growth since the award has not been exceptional (8.9% per annum), it had fallen significantly between 2019 and 2020 when the award was made and so the Committee judged it appropriate to further reduce the level of vesting to appropriately reflect this. A further 10% reduction was applied, reducing the overall vesting level to 45% of the amount awarded. The Committee is confident that this reflects a fair and reasonable outcome and a more detailed explanation of the Committee's considerations can be found on pages 108 to 110.

2022/23 annual incentives

The incentive for 2022/23 was based on a combination of profit, efficiency savings, strategic objectives and ESG targets. When the targets for the profit element were set at the start of the year, the Committee noted that there was significant uncertainty in the external trading environment and it, therefore, agreed that it would be prudent to review the targets against the external environment at the half year.

During the first half of the financial year, market conditions were materially better than we anticipated when the target was set, and the Committee determined that it was appropriate to revise the full-year profit target upwards to reflect this taking into account external consensus earnings at that time. As explained earlier in this report, performance over the whole year has been outstanding and profit performance has exceeded the revised stretch target. Performance against targets for the other elements of the incentive scheme were also strong, and this has resulted in outcomes of 94.38%, 94.38% and 93.79% of maximum for Alison Brittain, Dominic Paul and Hemant Patel respectively. The Committee considers that these outcomes are an appropriate measure of management performance across the year and the strong delivery against the higher profit target is indicative of the extent to which Whitbread has outperformed the market. Full details of the outcome against all performance measures are included on page 97.

Chief Executive succession

As announced previously, Alison Brittain stepped down as Chief Executive Officer on 17 January 2023 and left the Board and the Company when she retired from full-time executive life on 2 March 2023. You will see later in this report that, as Alison is retiring from full-time executive life, she is a 'good leaver' and will be treated as such for share scheme purposes. All of the remuneration treatment agreed in relation to Alison's departure is in accordance with the approved policy.

Dominic Paul joined Whitbread on 10 January 2023 and became Chief Executive Officer with effect from 17 January 2023. Dominic will be paid a salary of £900,000, less than Alison's basic salary, and his incentive opportunities are in line with both his predecessor and the approved policy. As part of his joining arrangements, Whitbread compensated Dominic for the incentive awards he forfeited at his previous employer. Further details of Dominic's remuneration can be found on page 112.

2022 annual general meeting

At the AGM on 15 June 2022, a disappointing 61.56% of votes were cast in favour of the resolution to approve the 2021/22 remuneration report. We have not shied away from this over the year, and have actively and widely engaged with a number of our larger investors and voting advisory services since then to ensure we have a good understanding of investor sentiment regarding the votes cast against, as well as regarding any other governance-related issues.

From our engagement, it is clear that the main reason behind the votes which were cast against related to the payment of a bonus in a year when the Group received Government furlough support. Those shareholders who voted against felt that the 25% reduction to the incentive outcome, which we made to reflect the quarter of the year when we received furlough, did not go far enough. The Committee has noted and discussed that feedback, and will take it into account in the future. We have continued to engage constructively with investors on this and other governance-related topics. The Company did not receive any COVID-related Government support relating to the 2022/23 financial year.

Remuneration Committee report

Reward and recognition across Whitbread and beyond

How employees across the organisation are rewarded is a very important factor when the Committee is considering executive pay. The Committee was pleased to see the continued investment in our lowest paid employees and, during the year, a £28m investment (£46m on an annualised basis) was made in our UK-based hourly paid team members. They received a mid-year increase for the second successive year, in addition to the April increase, together with a special one-off payment in recognition of the exceptional cost-of-living challenges. Our Guest Support teams in our UK Support Centre also received an increase and one-off payment, and all of our hourly paid team members in Germany received a special annual payment.

We also implemented targeted pay increases beyond these levels in particular areas of the country and for particular job roles over the year. All of our pay rates continue to be ahead of the National Minimum Wage and National Living Wage. In carrying out this year's salary review for senior executives, the Committee was cognisant of the cost-of-living challenges, particularly impacting those on lower incomes. I am pleased to say that there has been a focus on investing in our teams and this means that the increase awarded to senior executives as part of this year's salary review is lower than the increases awarded across the rest of the organisation.

We also considered the impact through the year which we have had on other stakeholders: shareholders, customers, suppliers, the communities we operate in and the environment around us, and further details are on pages 95 and 96.

Looking forwards

This year, we look forwards with more confidence than at this time last year. The business is in very good shape, and we need to maintain the momentum which we have seen through 2022/23.

Turning now to the 2023 RSP, as I explained in my report last year, it was our intention to return to the type of underpins which we originally used when the Plan was developed and we have decided to do this for the 2023 award. It is clear to the Committee that the strength of the business and the improved external operating environment make this change possible and appropriate.

There will therefore be two underpins: a leverage measure; and returns. Further details can be found on page 115. The Committee has carefully considered these underpins, and has consulted with major shareholders before finalising them. We believe they are pitched at the right level – an underpin is a guard against failure, not a performance condition, and we were mindful of this when agreeing the measures.

This has been an excellent year for Whitbread and the challenge is to now build on that performance. I can assure you that the Remuneration Committee is focused on aligning the interests of shareholders with those of management and incentivising executives to drive Whitbread to even higher levels of achievement.

I hope to meet some of you at our annual general meeting in June, where I will be happy to answer any questions you might have.



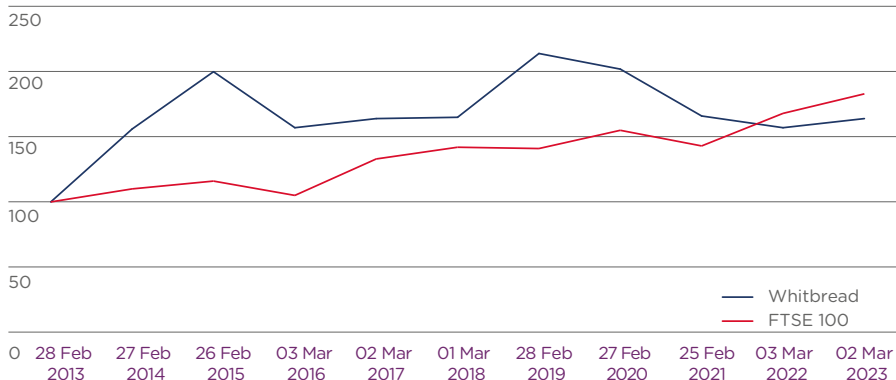
Frank Fiskers

Chair, Remuneration Committee
24 April 2023

Remuneration at a glance

Business performance

Total shareholder return (TSR)



Source: Datastream from Refinitiv.

The chart looks at the value over ten years of £100 invested in Whitbread PLC on 28 February 2013 compared, on a consistent basis, with that of £100 invested in the FTSE 100 index based on 30 trading day average values. The FTSE 100 has been selected by the Committee as an appropriate comparator group due to Whitbread's position within the FTSE.

Financial measures

£413.4m

Adjusted profit before tax

+25.2%

UK sales growth vs the market

£42.3m

Efficiency savings

Stakeholder experience in 2022/23

Employees

- A £28m in-year investment (£46m annualised) in our UK-based hourly paid team members in:
 - the April 2022 pay increase;
 - a special one-off payment in recognition of the exceptional cost-of-living challenges;
 - a mid-year additional pay increase with minimum pay rates for our operational team members increased by 4.2% (which, combined with the April 2022 increase, represents 6.4% over 12 months); and
 - targeted pay increases in particular areas of the country and for particular job roles.
- Our Guest Support team in the UK Support Centre also received a mid-year increase and one-off payment.
- A special annual payment to hourly paid team members in Germany.
- Investment in developing careers, through external leadership programmes for Regional Operations Managers, Operations Directors and senior leaders.
- 180 of our senior leaders, which includes our Leadership Community plus our Regional Operational Leaders attended D&I leadership training. Significant progress demonstrated through our external awards and recognition, including Gold Award for Excellence in this year's Stonewall Workplace Equality Index, and an improvement in ranking in the Index – and strong

progress against our leadership diversity targets.

- 1,363 team members started apprenticeships in the year, our highest number ever, and 237 apprentices completed their qualification this year.
- Investment in wellbeing through additional Mental Health First Aiders and financial assistance through grants via Hospitality Action.

Investors

- Profit before tax of £413.4m, returning to pre-pandemic levels.
- Resumed dividend payments and interim paid.
- The recommended final dividend of 49.8p per share is a 43% increase from last year.
- Share buy-back of £300m
- Share price growth of 1.82% and TSR of 4.09%.
- Significant market outperformance in the UK, with Premier Inn total accommodation sales 25.2% ahead of the midscale and economy market (excluding Premier Inn).
- Expansion continuing at pace in Germany, establishing a broad national network with 51 open hotels and 37 in the pipeline, with accommodation sales 249% ahead of 2021/22.
- Our cohort of 18 established hotels was profitable in aggregate during 2022/23 with a clear pathway to profitability for the German business.

- Significant interaction through Chair, CEO, CFO, General Counsel and Investor Relations team over the year (including a Sustainability Capital Markets Day).

Customers

- Customer satisfaction scores in Premier Inn showed a significant increase, up 2%pts year on year to 52.4%.
- Extended our rate class to provide more value and choice for customers through introduction of Non-Flex.
- Commenced roll-out of an upgraded mattress to provide an even better sleep experience for customers.
- Replaced bedding and pillows across the estate to further reinforce quality of sleep for customers.
- Refurbished a further 3,186 rooms to ensure a consistent, quality experience to customers.
- Developed a further 1,942 Premier Plus rooms across 95 hotels to provide an upgrade option for customers and trialling Premier Plus rooms in Germany.
- Opened 20 new hotels and 3 new restaurants to provide a great value accommodation and eating out option in even more locations for customers, including ten new hotels in Germany.
- Upgraded the digital assets for Premier Inn to provide a simpler, easier shopping experience for guests.

Remuneration at a glance

Stakeholder experience in 2022/23 continued

- Substantially evolved the drinks range to provide more choice and better quality product to customers.

Suppliers

- Continued the committed buy process, giving additional contractual security on high value food products.
- Re-established the supplier conference, giving suppliers access to the senior team and strengthening relationships.
- Ran a new room format supplier conference, enabling a better understanding to ensure a successful transition for all parties.
- Additional due diligence on human rights carried out.

Communities

- Raised £1.9m for Great Ormond Street Hospital Charity (GOSH Charity), resulting in a total of over £21.9m since the start of our ten year partnership.
- Fundraising diverted to DEC for Ukrainian humanitarian efforts. Whitbread underwrote £0.5m, and £0.7m raised.
- New partnership with GOSH Charity up and running, committing to be a founding partner of its Children's Cancer Centre appeal with a target of £3m pa.
- 1,749 hours donated to a variety of projects.

Joint venture partners

- Additional financial support agreed for Pure due to COVID impact on the business.

Environment

- Scope 1 and 2 carbon intensity reduction at 52.5% vs 2016/17 base year, on track to hit net zero target by 2040.
- Revised Scope 3 target agreed and supply chain carbon mapped.
- Scope 1, 2 and 3 carbon targets submitted to SBTi and on track for full accreditation.
- AA rating with MSCI and 'Low Risk' rating with Sustainalytics retained as well as qualifying as a member of the Dow Jones Sustainability World Index in the Consumer Services category.
- Progress made on cotton and palm oil responsible sourcing targets.
- 12 hotels open to BREEAM excellent or higher standards.
- Trial proceeding with over 40 air source heat pumps.
- New water target agreed to reduce water use by 20% by 2030 – saving water and saving energy/carbon in not having to heat as much water.
- Net zero hotel being built in Swindon.
- Improved communication of Force for Good programme and performance internally and externally.

Details of how the Board considers the interests of the Group's employees and other stakeholders is contained on pages 55 to 58.

Incentive outcomes for 2022/23 at a glance

2022/23 Annual Incentive Scheme outcomes

The table below sets out the outcome under the 2022/23 annual incentive. The total incentive earned is as follows:

Measure	Threshold	Target	Max	Outcome (% of maximum)		
				Alison Brittain	Hemant Patel	Dominic Pau
Profit performance	ACTUAL: £413.4M			100%	100%	100%
	£280m	£295m	£310m			
Efficiency savings	ACTUAL: £42.3M			100%	100%	100%
	-	£35m	£40m			
Strategic objectives	Details of performance are set out on pages 105 to 107			75.0%	72.1%	N/A
ESG measures	Details of performance are set out on page 107			93.8%	93.8%	93.8%
Total outcome (% of maximum)				94.4%	93.8%	94.4% ¹
Actual annual bonus (£'000)				1,478	783	179

¹ The formulaic outcome for Dominic Paul was 99.2%. On the basis of internal fairness, the Committee has applied discretion to reduce the overall AIS outcome to align with the former CEO.

2020 RSP vesting

Underpin	Formulaic assessment	Other factors considered	Vesting level (% of maximum)
Average ROCE for the UK business to be at least equal to the WACC plus 1%	Not met	<ul style="list-style-type: none"> Underpin performance measured on absolute basis in 2021/22 and 2022/23 Performance tracking for the 2021 RSP awards Windfall gains 	
Average lease-adjusted net debt to funds from operations leverage to be below 4.5x	Met	<ul style="list-style-type: none"> Post-pandemic recovery performance Delivering shareholder value 	45%

Implementation of policy for 2023/24 at a glance

Director	Salary (£'000)	Pension (% salary)	Annual bonus		RSP	
			Maximum (% salary)	Measures	Maximum (% salary)	Underpins
Dominic Paul	900	10%	170%	Profit - 50%	125%	The Company's average lease-adjusted net debt to FFO leverage ratio being less than 4.7x
Hemant Patel	530	10%	170%	Efficiency - 20%	110%	
				Strategic objectives - 20%		The Company's average ROCE for the UK business to be 9% or higher
				ESG - 10%		

See further information on pages 114 and 115.

Directors' remuneration policy

Introduction

The Company's directors' remuneration policy (the 'Policy') was approved by shareholders at the annual general meeting on 15 June 2022. The Policy is effective from the date of the 2022 AGM and is intended to apply for three years.

A summary of the Policy is set out below. The full Policy can be found at whitbread.co.uk/governance.

For executive directors, our approach continues to be designed so as to:

- align with the business strategy and the achievement of planned business goals;
- support the creation of sustainable long-term shareholder value.

Future policy table

Element	Purpose and link to strategy	Operation
Base salary	<ul style="list-style-type: none"> • Base salaries are set to be sufficient to attract and retain the calibre of executive talent needed to support the long-term interests of the business. 	<p>Salaries are reviewed annually taking account of:</p> <ul style="list-style-type: none"> • the salary review across the Group; • trading circumstances; • personal performance, including against agreed objectives; and • market data for an appropriate comparator group of companies.
Benefits	<ul style="list-style-type: none"> • Benefits are intended to be competitive in the market so as to assist the recruitment and retention of executive directors. 	<ul style="list-style-type: none"> • Executive directors are entitled to benefits relating to a car or car allowance and healthcare or personal insurance. • In exceptional circumstances, such as the relocation of a director, or for a new hire, additional benefits may be provided in the form of a relocation allowance and benefits including tax equalisation, reimbursement of expenses for temporary accommodation, travel and legal and/or financial assistance.
Annual Incentive Scheme	<ul style="list-style-type: none"> • To provide a direct link between annual performance and reward. • To incentivise the achievement of outstanding results across appropriate key stakeholder measures. • To align with the long-term interests of shareholders and help participants build a significant stake in the business over time, by awarding a material part of the annual incentive in deferred equity. 	<ul style="list-style-type: none"> • Targets for measures are normally set at the beginning of the financial year. • Cash awards paid following the end of the financial year. • Deferred share awards normally vest after three years, subject to continued employment. • Malus provisions apply to unvested deferred shares and clawback provisions apply to cash awards as set out below.
Restricted Share Plan	<ul style="list-style-type: none"> • To enable the growth strategy in both the UK and Germany, which requires different strategies and approaches. • To promote long-term value creation rather than focusing on specific targets at a time when the executive directors need to balance investment and growth. • To retain executive directors throughout an important time for the business to deliver the growth strategy. 	<ul style="list-style-type: none"> • Awards normally vest after a period of at least three years, subject to two or more performance underpins and continued employment. • After vesting, there will be an additional holding period during which vested shares cannot be sold, such that the combined underpin measurement period and holding period is at least five years. • Subject to clawback and malus provisions as set out below. • Dividend equivalents may be provided on vested awards during a holding period.

- provide an appropriate balance between remuneration elements that attract, retain and motivate the highest calibre of executive talent; and encourage a high-performance culture by ensuring share-based remuneration constitutes a substantial proportion of the remuneration package and by linking maximum payout opportunity to outstanding results.

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

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

Maximum potential value	Performance metrics
<ul style="list-style-type: none"> • Annual salary increases would normally be in line with the average increases for employees in other appropriate parts of the Group. • On occasion, increases may be larger where the Committee considers this to be necessary. Circumstances where this may apply include growth into a role, to reflect a change in scope of role and responsibilities, where market conditions indicate a level of under-competitiveness and where the Committee judges that there is a risk in relation to attracting or retaining executive directors. 	<ul style="list-style-type: none"> • None.
<ul style="list-style-type: none"> • We do not anticipate that the maximum payable would exceed 10% of salary. However, the Committee may provide benefits above this level in certain situations where it deems it necessary. This may include, for example, the appointment of a director based overseas or a significant increase in the cost of the benefits. 	<ul style="list-style-type: none"> • None.
<ul style="list-style-type: none"> • Up to 200% of base salary (up to 50% of maximum paid in cash and the remainder is paid in deferred share awards). • The maximum bonus for 2022/23 for the current executive directors will be 170% of base salary. Any increase beyond this level in future years will only be applied in exceptional circumstances and will be at the discretion of the Committee. 	<ul style="list-style-type: none"> • Awards are payable based on a mix of financial metrics and other business objectives. Financial metrics will represent no less than 60% of the total award for each year, of which the predominant amount is intended to be profit. Other measures will be objective and, when possible, externally benchmarked leading indicators of future financial performance will be used. Normally around 25% of the maximum incentive is paid for threshold performance, with around 50% paid for on-target performance and the full incentive payment being paid for delivering stretch performance. • These vesting levels may vary from year to year. • The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall Company performance.
<ul style="list-style-type: none"> • Annual awards to a maximum of 125% of base salary in respect of each financial year. • The grant for 2022/23 for the current executive directors will be 125% of base salary for the CEO and 110% of base salary for the CFO. Any increase beyond this level for the CFO will only be applied in exceptional circumstances and will be at the discretion of the Committee. 	<ul style="list-style-type: none"> • Vesting will be subject to two or more performance underpins, which will be disclosed at or around the time of grant in the DRR. • If one or more of the underpins is not met, then a portion of the award up to or equal to the weighting of that measure(s) will lapse, subject to the overall discretion set out below. • It is anticipated that all performance underpins will be equally weighted, although the Committee retains the discretion to adjust the weighting of any underpins each year. • The Committee will select the underpins each year in order to align with the Company's strategy and these will normally be disclosed at or around the time of grant, in the DRR. At least one underpin will be based on an objective financial metric. • In addition, the Committee will have general discretion to determine the most appropriate vesting levels if it believes this will better reflect the underlying financial performance of the Company over the period and such other factors as it may determine.

Directors' remuneration policy

Element	Purpose and link to strategy	Operation
Sharesave scheme	<ul style="list-style-type: none"> To encourage long-term shareholding in the Company. 	<ul style="list-style-type: none"> Annual invitation to all employees, including the executive directors. Option price calculated by reference to the market price discounted by 20% on the invitation date. Options granted subject to participant agreeing to save over a three- and/or five-year period. In the event an employee working in Germany is made an executive director, they will be eligible to participate in the International Sharesave scheme (which is aligned with the scheme for UK-based employees).
Pension	<ul style="list-style-type: none"> Pension benefits are provided in order to offer a market competitive remuneration package that is sufficient to attract and retain executive talent. 	<ul style="list-style-type: none"> Executive directors are entitled to participate in the Company's pension scheme (or other pension arrangements relevant to their location if based overseas). Defined contribution scheme. Can elect for cash in lieu of pension contributions.
Chairman and non-executive director fees	<ul style="list-style-type: none"> To attract and retain a Chairman and non-executive directors of the highest calibre. 	<ul style="list-style-type: none"> The Chairman receives an annual fee and the non-executive directors receive a base fee, with additional fees for acting as the Senior Independent Director or for chairing, or being a member of, the Audit or Remuneration Committees or any other Board Committee as may be constituted from time to time. The Chairman and non-executive directors are entitled to claim all reasonable expenses, and the Company may settle any tax incurred, but do not receive any other fees or remuneration in connection with their roles at Whitbread.

Directors' service contracts

The key terms of the executive directors' service contracts are as follows:

- notice period — nine months by the director and 12 months by the Company;
- termination payment – details of the termination policy are set out in our remuneration policy, which can be found on the Company's website at whitbread.co.uk/governance;
- sickness — full salary for a maximum of 12 months in any three-year period or for a maximum of nine consecutive months; and
- non-compete — for six months after leaving or being put on garden leave.

The dates of the executive directors' service contracts are as follows:

Dominic Paul	28 June 2022
Hemant Patel	26 January 2022

Executive directors' service contracts are available for inspection by any person at the Company's registered office during normal office hours and on the Company's website at www.whitbread.co.uk. The executive directors are entitled to retain fees from external directorships.

The effective dates of the letters of appointment of the Chairman and the non-executive directors are as follows:

Adam Crozier	1 March 2018
David Atkins	1 January 2017
Kal Atwal	1 March 2021
Horst Baier	1 November 2019
Fumbi Chima	1 March 2021
Frank Fiskers	1 February 2019
Richard Gillingwater	27 June 2018
Karen Jones	9 January 2023
Chris Kennedy	1 March 2016
Cilla Snowball	24 January 2023

The Chairman and non-executive directors were each appointed for an initial three-year term and are subject to annual reelection at the AGM.

Maximum potential value	Performance metrics
<ul style="list-style-type: none"> Consistent with prevailing HMRC limits, currently savings limited to £500 per month. 	<ul style="list-style-type: none"> None.
<ul style="list-style-type: none"> The current contribution rate is 15% of base salary (as of 1 May 2022) for incumbent executive directors. This will reduce to 10% of base salary effective from 31 December 2022, which is aligned with the rate available to the majority of the wider workforce. For any new appointment, the contribution will be up to a maximum of 10% of salary (although the actual level will be determined based on all relevant factors at the time of appointment, including having regard to the pension contribution rates available to the majority of the workforce). 	<ul style="list-style-type: none"> None.
<ul style="list-style-type: none"> The fees are reviewed annually by the Board (excluding the non-executive directors), taking into account a range of factors including the time commitment required of the directors, the responsibilities of the role and the fees paid by other similar companies. Non-executive director fees must remain within the aggregate limit approved by shareholders from time to time. The current aggregate limit is £700,000 (excluding the Chairman's fee and additional fees, such as for committee membership). 	<ul style="list-style-type: none"> None.

Directors' remuneration policy

Share-based awards under the AIS and RSP may:

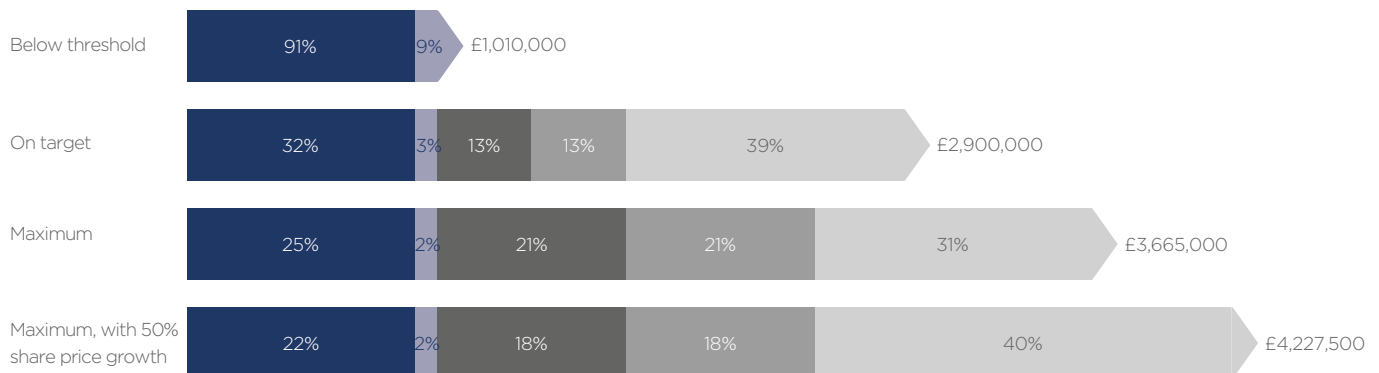
- be delivered as nil-cost options, forfeitable shares, conditional share awards or equivalent cash-settled instruments; and
- be adjusted in the event of any variation of the Company's share capital or in any other circumstances the Committee considers it appropriate.

Illustration of application of remuneration policy

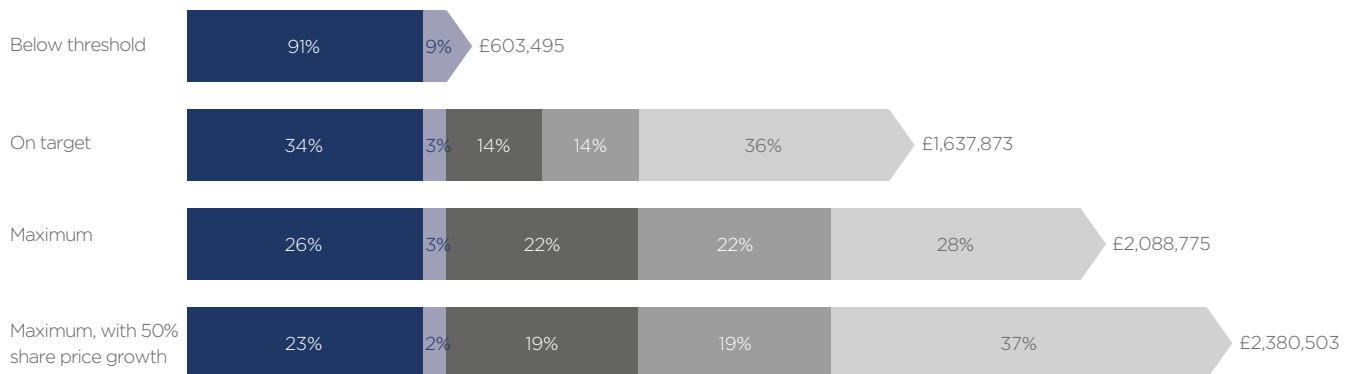
The graphs below show how the Policy will be applied in 2023/24, with details of expected remuneration levels for each director for below threshold performance, for on-target performance and for maximum performance.

Executive directors – potential value of 2023/24 package

Dominic Paul



Hemant Patel



● Salary and benefits ● Pension ● Cash incentive ● Deferred shares ● RSP

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

Below threshold	On target	Maximum
<ul style="list-style-type: none"> Only the fixed pay elements are received (base salary, benefits and pension). Salary reflects what will be paid in 2023/24. The CEO's salary was set on appointment and will not increase from 1 May 2023. For the CFO, this means the salary has been pro-rated to reflect the increase from 1 May 2023. Benefits are included at the value in the 2022/23 single figure table. As the incumbent CEO was not on the Board during most of 2022/23, we have taken the outgoing CEO's benefits for 2022/23 as a representative figure. 	<ul style="list-style-type: none"> Fixed pay elements plus target annual bonus and RSP. Incentives are based on salaries at 1 May 2023. On target pay for the annual incentive award has been included at 50% of the maximum award (170% for each director). On target pay for the RSP has been included at 100% of the 2023/24 maximum award (125% of salary for the CEO and 110% of salary for the CFO). 	<ul style="list-style-type: none"> Fixed pay elements plus maximum annual incentive award and RSP, with values as set out to the left. An additional scenario sets out the value of the RSP assuming a 50% increase in share price between grant and vesting.

Annual report on remuneration

Remuneration Committee – membership

Name of director	Meetings attended and eligible to attend
Frank Fiskers (Chairman)	5/5
David Atkins	5/5
Kal Atwal	5/5
Adam Crozier	5/5
Richard Gillingwater	5/5
Karen Jones ¹	1/1

¹ Karen Jones was appointed to the Board on 9 January 2023.

Remuneration Committee – responsibilities

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

In carrying out its duties, the Committee has taken into account the principles outlined in the UK Corporate Governance Code 2018, including provisions 40 and 41. The Committee believes that the Company's remuneration structures are aligned to the Company's culture and values. Furthermore, the Company's remuneration structures are simple and clear, with executive directors receiving base salary, an annual incentive and a long-term incentive under the RSP.

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

Outcomes are predictable to the extent that the Company achieves its targets over any given performance period.

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

Remuneration Committee – advisers

Internal advisers

Chris Vaughan – General Counsel and Secretary to the Committee

Rachel Howarth – Chief People Officer

Steve Jones – Reward, Pensions and Insight Director

External advisers

PwC, one of the founding members of the Remuneration Consultants Group Code of Conduct, was appointed remuneration consultant by the Committee with effect from September 2017 following a rigorous tender process and adheres to this code in its dealings with the Committee. Fees paid to PwC in respect of advice received by the Committee amounted to £182,750. These fees were charged on a time and material basis.

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

Remuneration Committee agenda – 2022/23

- Approval of Annual Incentive Scheme and targets for 2022/23.
- Approval of awards of cash and deferred shares to executive directors under the 2021/22 Annual Incentive Scheme (and decision to not make the deferred award that had been earned under the 2020/21 Annual Incentive Scheme).
- Executive directors' and senior executives' salary review.
- Approval of the 2022 awards made under the RSP.
- Approval of the 2022 remuneration report.
- Confirmation of the vesting percentage for the Long Term Incentive Plan (LTIP) and RSP awards made in 2019 and due to vest in 2022 (awards that did not apply to executive directors).
- Review, and resetting, of the profit target for the 2022/23 Annual Incentive Scheme
- The approach to underpins for the 2023 RSP award.
- Review of wider remuneration strategy across the organisation.
- Alison Brittain's remuneration treatment on retiring from the Board.
- Dominic Paul's remuneration terms on joining.
- Feedback from shareholder meetings.
- An assessment of the implementation of the Annual Incentive Scheme.
- An update on performance against the underpins for the 2020 RSP award.
- Committee effectiveness evaluation.
- Review of the terms of reference.

Annual report on remuneration

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

Director	Base salary		Benefits		Pension		Fixed pay		Annual Incentive Scheme		Long-term incentive		Variable pay		Total	
	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000
Alison Brittain ¹	959	892	22	20	135	166	1,116	1,078	1,478	1,086	605 ⁵	-	2,083	1,086	3,199	2,164
Dominic Paul ²	108	-	3	-	7	-	118	-	179	-	2,119	-	2,298	-	2,416	-
Nicholas Cadbury ³	33	606	1	20	6	112	40	739	-	-	-	-	-	-	40	739
Hemant Patel ⁴	488	-	20	-	49	-	557	-	783	-	-	-	783	-	1,340	-

1 Alison Brittain's base salary increased in May 2022 by 3% from £894,610 to £921,450. The base salary figure for 2022/23 includes an amount that relates to untaken annual leave at retirement.

2 Dominic Paul joined Whitbread on 10 January 2023 and joined the Board and became Chief Executive with effect from 17 January 2023. The figures shown are for the part of the year during which Dominic served on the Board. He received replacement share awards to compensate him for the awards that he forfeited at his previous employer and these awards will vest subject to continued employment. This is included under Long-term incentive above and further details are set out on page 112. The number of awards to be granted was calculated using the closing price of Whitbread shares on the date of Dominic's service agreement (28 June 2022), which was £26.44. The value above has been calculated using the same share price.

3 Nicholas Cadbury left the Company and stepped down from the Board on 21 March 2022. The figures shown for the 2022/23 financial year are for the part of the year during which Nicholas served on the Board.

4 Hemant Patel joined the Board on 21 March 2022. The figures shown are for the part of the year during which Hemant served on the Board.

5 The Long-term incentive figure shown for Alison Brittain relates to the 2020 RSP award, which vests in April 2023. The value of the award has been calculated based on the average closing price of a Whitbread share over the last quarter of the 2022/23 financial year (2.903.87p).

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

Base salary

Annual salary increases across the Group are usually effective from 1 May each year. The base salary numbers shown in the table therefore include two months' pay based on the director's salary from 1 May 2021 and ten months' pay based on the director's salary from 1 May 2022.

Benefits

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

Pension

The executive directors receive a monthly amount in cash in lieu of pension contributions. Alison Brittain's rate reduced from 18% to 15% in May 2022 and then further reduced to 10% from 31 December 2022, at which point it became aligned with the rate available to the majority of the wider workforce. On appointment, Hemant Patel's and Dominic Paul's rates were both set at 10%. No executive director participates in a Group defined benefit or final salary pension scheme.

Annual Incentive Scheme 2022/23 annual incentives

As outlined in the Committee Chair's letter on page 92, outcomes for the year are at the top end of the range, reflecting the outstanding business performance in 2022/23. The Committee has carefully considered whether payouts at this level are appropriate in the context of both the economic backdrop and with careful consideration of other stakeholders (details of which can be found in the table on pages 95 and 96). It was concluded that the experience of all stakeholders has been strong and that the payout levels fairly reflect the outstanding performance delivered.

The incentive for 2022/23 was assessed against a combination of profit, efficiency savings, strategic objectives and ESG metrics. As Dominic Paul joined the business towards the end of 2022/23, it would not have been meaningful to set strategic objectives, therefore it was agreed that his outcome would be based on profit, efficiency and ESG in the same proportions that apply to the other executive directors.

The awards were calculated as set out below.

Awards based on profit measure (50% of total award for Alison Brittain and Hemant Patel, 62.5% of total award for Dominic Paul)

Targets for the profit element were set at the start of the year based on budget and taking into account external consensus at that time. The Committee noted that, although the budget reflected a balanced view of the risks and opportunities for the year, the significant uncertainty in the external trading environment could move this assessment as the year progressed. It therefore agreed that it would be prudent to review the targets against the external environment at the half year.

During the first half of the financial year, market conditions were materially better than we anticipated when the target was set, and the Committee determined that it was appropriate to revise the full-year profit target upwards to reflect this. The new target range was based on the Company's revised plan at the half year, taking into account external consensus earnings at that time, which had risen since the start of the year. The updated range is set out in the table below and this was used to assess the final outcome.

Profit performance exceeded the revised stretch target and the Committee carefully considered this outcome. Whilst market conditions were not as challenging as anticipated at the start of the year, the Committee's view is that this exceptional profit outcome against the increased targets was driven by management's actions and in particular by materially increasing market share through our strategic actions, with total UK accommodation sales growth 25.2% ahead of the UK midscale and economy market (excluding Premier Inn)

As a result, the Committee is comfortable that the maximum outcome under this measure is a fair reflection of management performance across the year.

	Profit
Threshold	£280m
Target	£295m
Stretch	£310m
Actual	£413.4m
Outcome (% of maximum)	100%

Awards based on efficiency target (20% of total award for Alison Brittain and Hemant Patel, 25% of total award for Dominic Paul)
This element had two levels of achievement as outlined below. Despite higher than expected inflation making the target more difficult to achieve, stretch was exceeded with efficiency savings delivered in the year across procurement, operations and property.

	Efficiency savings
Target	£35m
Stretch	£40m
Actual	£42.3m
Outcome (% of maximum)	100%

Awards based on strategic objectives (20% of total award for Alison Brittain and Hemant Patel only)

Alison Brittain and Hemant Patel each had a number of business objectives and 20% of the maximum incentive opportunity was linked to performance against these objectives. A summary of each of the executive directors' objectives, together with the incentive outcomes, is shown in the table below. Each of the objectives was equally weighted, other than the objectives related to the implementation of the replacement booking system, which had higher weightings to reflect the project's strategic importance.

Alison Brittain, Chief Executive

Measure	Actual outcome	Achievement per outcome
UK GROWTH AND OPTIMISATION		
UK room openings	1,722 rooms opened, ahead of 1,500 target.	✓
Pipeline growth	1,695 rooms added to pipeline vs target of 1,000.	✓
Updated network plan with agreed runway for growth in the UK	Updated plan presented to the Board, highlighting potential to grow the UK & Ireland network to 125k rooms.	✓
Room refurbishments	3,186 refurbishments completed (vs target 2,500), of which 253 were either twin rooms or ID5 (vs target 250). Also 1,942 Premier Plus rooms (vs target 1,000).	✓
Strategic review of F&B offer	Review completed and presented to the Board.	✓
Strategic review of Repairs & Maintenance	Review completed and roll-out of recommendations have commenced.	✓
INTERNATIONAL GROWTH		
Continue to assess Germany M&A portfolios and other markets	All markets assessed, specific chains reviewed and the first hotel acquired in Austria.	✓
Acquire at least one portfolio of hotels	Acquisition of a portfolio of six hotels.	✓
Complete year 1 of Germany profitability plan	In-year delivery of £20m additional profit, capital within budget and portfolio of 18 mature hotels profitable.	✓
Room openings	2,241 rooms opened ahead of 1,700 target.	✓
Acquisition of organic sites	Ten hotels acquired vs target of seven.	✓
CAPABILITY, INFRASTRUCTURE & FINANCIAL		
Replacement room booking system project to be tracking to budget	This objective had an increased weighting of 5% of the overall incentive reflecting the project's strategic importance. Although spend was within budget for 2022/23, additional budget has needed to be agreed for 2023/24.	✗
Replacement room booking system project to be tracking to timetable and ready for pilots.	This objective had an increased weighting of 5% of the overall incentive reflecting the project's strategic importance. Although the budget objective (above) was not achieved, importantly performance against the delivery objective was strong. The planned pilots commenced during the year and the project is on track to go live across the estate by the end of 2023/24, delivering us a modern guest-focused platform enhancing our service quality and supporting growth.	✓
Produce savings from UK property costs and re-gears	Delivered property savings of £7.4m (vs target £2m) and re-gears at +£8.5m NPV (vs target £5m).	✓
Complete pensioner buyin to reduce longevity risk	£661m buyin transacted.	✓
Ensure appropriate long-term financing is in place, re-financing the revolving credit facility (RCF)	RCF re-financed for five years with two potential one-year extensions.	✓

Annual report on remuneration

Measure	Actual outcome	Achievement per outcome
ESG		
Be on track for delivery of carbon Scope 3 targets and SBTi accreditation for net zero	Scope 1, 2 and 3 carbon targets submitted to SBTi and on track for full accreditation, and on track to meet targets for all Scopes. In addition, we have retained our AA rating with MSCI and 'Low Risk' rating with Sustainalytics as well as qualifying as a member of the Dow Jones Sustainability World Index in the Consumer Services category.	✓
Deliver the Green Bond Framework with associated reporting in the Annual Report	Framework delivered and included in the Annual Report. Of the £550m bond, c.£500m has already been utilised in only two years.	✓
Develop an ESG communications programme, including an ESG annual report and ESG shareholder conference	Significant increase in stakeholder ESG communications including: ESG Capital Markets Day, 3 x ESG conferences, refreshed website and delivery of ESG annual report.	✓
Support new CFO to successfully step up and establish credibility with investors	Successful delivery of prelims and interims, with positive feedback from investors, brokers and the Board.	✓
Achieved 75% of maximum		

Hemant Patel, Chief Financial Officer

Measure	Actual outcome	Achievement per outcome
UK GROWTH AND OPTIMISATION		
UK estate optimisation	1,722 rooms opened, ahead of 1,500 target. 3,186 refurbishments completed (vs target 2,500). Also 1,942 Premier Plus rooms (vs target 1,000).	✓
Improved REVPAR run-rate back to 2019/20 levels	REVPAR +25% vs 2019/20 on a like for like basis.	✓
INTERNATIONAL GROWTH		
Continue to assess Germany M&A portfolios and other markets	All markets assessed, specific chains reviewed and the first hotel acquired in Austria.	✓
Review the market for appropriate M&A opportunities and execute one transaction at good returns	Market fully reappraised and acquisition of a portfolio of six hotels.	✓
Demonstrate path to mature site profitability and deliver against this target	Path to profitability with building blocks and initiatives identified to achieve mature site target returns.	✓
Maximise long-term margin opportunities through cost review	Review completed.	✓
Deliver on the German continual financial improvement plan as the size of the network increases	Financial controls audit rated Green, demonstrating considerable improvement across all transactional and inventory management, tax, capex and general controls, despite rapid business growth.	✓
CAPITAL STRUCTURE/ALLOCATION AND PROPERTY OPTIMISATION		
Complete pensioner buyin to reduce longevity risk	£661m buyin transacted	✓
Re-finance the RCF and improve German capability across the pool of banks	RCF re-financed for five years (vs target of at least four) with two potential one-year extensions, and including commitments that enhanced the German banking capability.	✓
Fully update the UK network plan to identify further growth and optimisation opportunities	Updated plan presented to the Board, highlighting potential to grow the UK & Ireland network to 125k rooms.	✓
Strengthen liquidity and ROCE through disposal of non-core property assets	£14.3m of completed disposals was below the target of £20m.	✗
Maintain liquidity opportunities through identified sale and leaseback options	Property portfolio segmented quarterly and sites identified should the Board decide to pursue this.	✓
Produce savings from UK property costs and re-gears	Delivered property savings of £7.4m (vs target £2m) and re-gears at +£8.5m NPV (vs target £5m).	✓

Measure	Actual outcome	Achievement per outcome
GROUP PROJECTS/OTHER		
Replacement room booking system project to be tracking to budget	This objective had an increased weighting of 5% of the overall incentive, reflecting the project's strategic importance. Although spend was within budget for 2022/23, additional budget has needed to be agreed for 2023/24.	✗
Effective management of the programme risks associated with the replacement room booking system project	This objective had an increased weighting of 5% of the overall incentive, reflecting the project's strategic importance. Although the budget objective (above) was not achieved, importantly performance against the delivery objective was strong. Programme assurance was on track with actions being addressed and closed to support being able to go live by the end of 2023/24, with a modern guest-focused platform enhancing our service quality and supporting growth.	✓
Financial management of major networks upgrade tracking to budget with effective management of the programme risks	Upgrade tracked to budget. Review of programme risks enabled the identification of phasing changes to optimise the upgrade.	✓
On time and on budget implementation of updated finance business intelligence and consolidation/data management tools	Implemented on time and within budget.	✓
Landing well and with credibility with investors, analysts and other external stakeholders	Successful delivery of prelims and interims with positive feedback from investors, brokers and the Board.	✓
Successfully stepping up into the CFO role with authority, establishing himself on the Board and Executive Committee	Successfully stepped up with positive feedback.	✓
Achieved 72.1% of maximum		

Awards based on ESG measures (10% of total award for Alison Brittain and Hemant Patel, 12.5% of total award for Dominic Paul)
The ESG targets for 2022/23, together with the results, are shown below. Only half of the maximum reward was payable based on a green result, with higher rewards available for stretch or excel performance above target.

ESG measure	Amber target	Green target	Stretch target	Excel target	Result	Outcome (% of maximum)
Scope 1 and 2 intensity reduction vs 2016/17 base	>= 41% reduction, <42% reduction	>= 42% reduction, <42.5% reduction	>= 42.5% reduction, <43% reduction	>= 43% reduction	Excel: 52.5% reduction	100%
Leadership diversity ¹	Senior leadership population to be made up of: • 40% female representation • 6.5% ethnic minority representation				Achieved ¹ : 40.4% female and 6.7% ethnic minority representation	100%
Premier Inn guest satisfaction	>or = 45.1%, <46.6%	>=46.6%, <47.6%	>or = 47.6%, <48.6%	>or = 48.6%	Excel: 52.4%	100%
Restaurants customer satisfaction	>or = 69.1%, <70.6%	>=70.6%, <71.6%	>or = 71.6%, <72.6%	>=72.6%	Stretch: 72.5%	75%
TOTAL						93.8%

¹ This measure was assessed in a binary manner, unlike the other metrics with an amber to excel range as outlined above.

Total awards

The maximum potential award was 170% of salary and the total incentive earned is as follows:

Director	Profit outcome (% maximum)	Efficiency target outcome (% maximum)	Strategic objectives outcome (% maximum)	ESG measures outcome (% maximum)	Total % of maximum	Total % of salary	Total £'000
Weighting	50%	20%	20%	10%			
Alison Brittain	100%	100%	75%	93.8%	94.38%	160.45%	1,478
Hemant Patel	100%	100%	72.1%	93.8%	93.79%	152.00%	783
Weighting	62.5%	25%	N/A	12.5%			
Dominic Paul	100%	100%	N/A	93.8%	94.38% ¹	19.83%	179

¹ The formulaic outcome for Dominic Paul was 99.23%. On the basis of internal fairness, the Committee has applied discretion to reduce the overall AIS outcome to align with the former CEO.

Annual report on remuneration

In the case of Hemant Patel and Dominic Paul, half of these awards will be paid in cash in May 2023, with the remaining half being settled in deferred shares, which are expected to vest in 2026. In the case of Alison Brittain, the award will be paid wholly in cash in May 2023, in line with the approved policy and in line with the terms agreed for her retirement.

The values outlined above for Hemant and Dominic reflect the fact that awards were pro-rated to reflect the time served on the Board during the year.

Long-term incentives

The 2020 RSP was awarded subject to two underpins and, for each underpin that is not met, the Committee may reduce the vesting outcome by up to 50%. Whilst the Committee reviewed the formulaic outcome under each underpin, this was just one factor within the overall assessment.

The underpins applicable to this award were as follows:

- Average return on capital employed for the UK business to be at least equal to the weighted average cost of capital plus 1% over the three-year period to the end of the 2022/23 financial year.
- Average lease-adjusted net debt to funds from operations leverage to be below 4.5x over the three-year period to the end of the 2022/23 financial year.

The first underpin was not met given the impact of the pandemic on profit and therefore on ROCE. The second underpin was met, since lease-adjusted net debt to funds from operations ratio over the performance period was less than 4.5x.

The Committee also evaluated performance in its full context at vesting by considering all relevant factors and metrics in a holistic manner, rather than looking at any particular metrics in isolation to seek a fair and balanced outcome for all stakeholders.

The factors considered by the Committee included but were not limited to the following:

- Whether the 2020 award underpins (with the same numeric targets) have been met in the individual years, separately to the three-year average under the formal underpins. The ROCE underpin was not met in 2020/21 or 2021/22 but it was met in 2022/23; and the lease-adjusted net debt to funds from operations leverage was met in all three years.
- The performance tracking for the 2021 RSP awards. To date, the 2021 RSP cost efficiency underpin is performing well and the vast majority of factors to be considered for the general underpin are also performing well. These factors are linked to Whitbread's financial performance, balance sheet performance, market share, response to the COVID-19 pandemic, recovery of shareholder value, and performance against ESG priorities. Whitbread delivered profits of £413.4m in 2022/23, our balance sheet is in exceptional health, with liquidity of £1,939.8m and net cash of £171m, and we have gained market share in every year of the performance period, especially in 2022/23 where we outperformed the UK (excluding Premier Inn) vs 2019/20 by +25.2%

- How the post-pandemic recovery of the business has been driven; measured both in strict numeric values and also vs the market. The Committee recognises the exceptional performance of the Whitbread leadership team in this regard, with achievements including enhanced hygiene and social distancing measures implemented; discretionary costs cut immediately followed by tight cost control and capital discipline; during the initial lockdown, keeping 39 hotels open for NHS staff and key front-line workers; team members being furloughed with pay for all team members topped up to 100% for the first three months; significant organisational design and restructuring of operations and Support Centre; and commercial strategy implemented to outperform the market and maximise returns.
- The extent to which shareholder value is delivered, taking into account the external environment. The Committee recognises that, in light of the COVID-19 pandemic, Whitbread's TSR performance has suffered to a greater extent than the FTSE 100 Index – as our sector has been one of the most significantly and directly impacted by the pandemic. However, Whitbread's TSR performance has been ahead of FTSE 350 Travel and Leisure index and dividend payments have been restored, with a final dividend per share of 49.8p for 2022/23.

When considering performance in the round, the Committee noted the strong performance of the Whitbread leadership team over the period, including its resolute steering of the business through the challenges of the pandemic, significantly increasing our market share when we were legally permitted to trade and setting up the Company for future growth opportunities. The Committee believes that management has delivered everything that was possible given the environment we were operating within, and this is demonstrated by the strong 2022/23 outcomes. The Committee also considered the experience of the Company's other stakeholders through the whole period.

However, the Committee is cognisant of the fact that shareholder returns have also been impacted by the wider environment and the performance relative to the underpins and that government support was received for two of the three years of the period (albeit that for a significant part of this period, we were either unable to open or subject to severe restrictions).

Given all the factors outlined above, based on the overall assessment of performance, the Committee determined to reduce the overall vesting level by 50%. The Committee is satisfied that this reduction is a fair and reasonable outcome for all stakeholders, and duly balances the underpin performance with the overall recovery of the business in an extremely challenging external environment.

Windfall gains

The Committee has separately considered whether any 'windfall' gain had arisen as a result of this award being granted in 2020. There is no fixed definition of a 'windfall' gain; however, the principle is an executive benefiting from receiving more shares as a result of share price fall, and therefore a higher £ value if the share price subsequently increases. In our case, whilst the share price fell materially between 2019 and 2020, it continued to fluctuate as the pandemic progressed. The share price growth from grant to the decision on vesting was 8.9% p.a. which, whilst strong, was not considered to be an exceptional growth rate.

Notwithstanding the above, given the material fall in our share price around the time of grant, the Committee has agreed that it is appropriate to make a reduction to the number of shares vesting to reflect windfall gains.

The Committee has considered a number of reference points to inform this adjustment, including the average share price over the 12-month period prior to grant, the previous incentive awards granted in 2019, the share price growth and recovery since grant, as well as the material reduction already applied when assessing the underpins. Balancing all of these factors, the Committee has determined to reduce the number of shares vesting by a further 10%.

Consequently once the share reduction for windfall gains is applied, the Committee determined that the overall vesting level of the 2020 RSP awards should be at 45% of the amount awarded. This reflects a further 10% reduction for windfall gains to the 50% vesting outcome based on the performance assessment as set out above. The Committee is confident that this reflects a fair and reasonable outcome.

The number and value of shares vesting for Alison Brittain under the RSP is as follows:

Director	Number of shares granted	Number of shares vesting	Estimated value at vesting date (£'000)
Alison Brittain	46,297	20,834	605

The share price used to calculate the value at vesting was 2,903.87p, which was the average closing price of a Whitbread share in the final quarter of the 2022/23 financial year. The estimated value attributable to share price movement since grant was £111,643.

Annual report on remuneration

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

Director	Base fee		Senior Independent Director fee		Fee as Chairman of a Board Committee		Fee as a member of a Board Committee		Total	
	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000	22/23 £'000	21/22 £'000
Adam Crozier	420	408	-	-	-	-	-	-	420	408
David Atkins	64	62	-	-	-	-	10	10	75	72
Kal Atwal	64	62	-	-	-	-	5	5	69	67
Horst Baier	64	62	-	-	-	-	5	5	69	67
Fumbi Chima	64	62	-	-	-	-	5	5	69	67
Frank Fiskers	64	62	-	-	21	20	5	5	90	87
Richard Gillingwater	64	62	15	15	-	-	5	5	85	82
Karen Jones ¹	9	-	-	-	-	-	1	-	10	-
Chris Kennedy	64	62	-	-	21	20	-	-	85	82
Cilla Snowball ¹	7	-	-	-	-	-	1	-	7	-

1 Karen Jones and Cilla Snowball joined the Board on 9 January 2023 and 24 January 2023 respectively.

None of the Chairman or non-executive directors are entitled to any additional benefits.

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

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

The Chief Executive Officer's shareholding requirement is 300% of salary and the Chief Financial Officer's is 200% of salary. All shares vesting from incentive plans cannot be sold until the shareholding requirement has been met. The Chairman and the non-executive directors are each required to build a holding to the value of 100% of their annual fee over a three-year period.

The table below shows the holdings of directors as at 2 March 2023:

Director	Ordinary shares	Share awards ¹	Value based on input price £'000	Value based on market price £'000	Requirement % of salary/base fee	% of salary based on input price	% of salary based on market price	Share awards not counting towards requirement
CHAIRMAN								
Adam Crozier	13,930	-	455	405	100	108	96	-
EXECUTIVE DIRECTORS								
Alison Brittain	146,621	36,763	5,191	4,823	300	563	523	117,264
Nicholas Cadbury ²	39,099	19,172	1,678	1,430	200	282	240	46,419
Hemant Patel	4,925	23,462	499	504	200	97	98	38,726
Dominic Paul	21,588	121,063	2,332	2,490	300	259	277	-
NON-EXECUTIVE DIRECTORS								
David Atkins	3,137	-	99	91	100	154	142	-
Kal Atwal	2,063	-	60	60	100	94	93	-
Horst Baier	2,400	-	84	70	100	131	108	-
Fumbi Chima	2,061	-	60	60	100	94	93	-
Frank Fiskers	3,865	-	110	112	100	171	175	-
Richard Gillingwater	2,000	-	70	58	100	109	90	-
Karen Jones	275	-	9	8	100	13	12	-
Chris Kennedy	3,270	-	97	95	100	152	148	-
Cilla Snowball	2,258	-	69	66	100	108	102	-

1 The market price used was the average for the last quarter of the financial year (2,903.87p). The number of share awards shown is the full number, but the valuation of those awards has been reduced to reflect deductions to be made at the point of exercise in respect of income tax and national insurance contributions. The awards include deferred shares awarded under the Annual Incentive Scheme and vested, but unexercised awards under the Long Term Incentive Plan, the Restricted Share Plan and the Recruitment and Retention Scheme. All share awards are structured as nil-cost options on vesting.

2 Nicholas Cadbury left Whitbread and stepped down from the Board on 21 March 2022. The information provided in the table above is as at that date.

There has been no change to the interests in the tables shown on this page between the end of the financial year and the date of this report.

Options exercised (audited information)

The following options were exercised by executive directors under the Company's share schemes during the year.

Director	Scheme	Number of shares	Exercise price	Exercise date	Market price on exercise (p)
Alison Brittain	AIS	9,205	N/A	26-May-22	2,716.6
	LTIP	17,430	N/A	26-May-22	2,716.6
Hemant Patel	AIS	349	N/A	26-May-22	2,716.6
	R&R	2,378	N/A	26-May-22	2,716.6

Key

AIS: Deferred shares awarded in prior years under the Annual Incentive Scheme.

LTIP: Shares awarded in prior years under the Long Term Incentive Plan.

R&R: Shares awarded in prior years under the Recruitment & Retention Scheme.

Awards granted

The tables below outline the share awards granted during 2022/23. Awards were granted using the average closing price of a Whitbread share for the five trading days immediately prior to the grant, excluding any days on which dealing in Whitbread shares by management was prohibited.

Deferred share awards under the Annual Incentive Scheme

50% of the total annual incentive earned in respect of performance during 2021/22 was deferred into shares, as detailed below. Deferred share awards are subject to continued employment, but are not subject to further performance conditions.

Director	Scheme	Date of award	Number of shares	Market price (p)	Total value (£'000)	Vesting date
Alison Brittain	AIS	28.04.22	19,228	28.236	543	28.04.25
Hemant Patel	AIS	28.04.22	6,950	28.236	196	28.04.25

Key

AIS: Awards made under the Annual Incentive Scheme

RSP: Awards made under the Restricted Share Plan

2022 Restricted Share Plan

Awards were granted under the Restricted Share Plan as detailed below:

Director	Scheme	% of base salary awarded	Date of award	Number of shares granted	Share price used (p)	Face value of award at grant (£'000)	Vesting date
Alison Brittain ¹	RSP	125%	28.04.22	39,604	28.236	1,118	28.04.25
Dominic Paul ²	RSP	125%	27.02.23	40,920	27.492	1,125	27.02.26
Hemant Patel	RSP	110%	28.04.22	20,063	28.236	566	28.04.25

1 In line with Alison's departure terms, the vesting of her 2022 RSP award is subject to time pro-rata, alongside the underpin assessment outlined below. Further details are set out on page 112.

2 As outlined on page 112, as part of his joining arrangements, Dominic was granted a 2022 RSP award, subject to the same underpin assessment as other participants. This award was made on 27 February 2023 with the number of shares determined based on the five trading days immediately prior to his joining the Company (excluding any days on which dealing in Whitbread shares by management was prohibited) which is the established method for new joiners. See page 112 for further details on Dominic's remuneration on appointment.

Key

RSP: Awards made under the Restricted Share Plan.

Performance metrics

The awards made under the Restricted Share Plan will vest after three years, and are subject to two underpins being met. They will then be subject to a two-year holding period.

The first of the underpins is a balanced overall assessment of performance and delivery against strategic priorities. The Committee will determine whether the underpin has been met based on the Group's underlying performance and delivery against its strategic priorities over the performance period that will drive long-term shareholder value. In doing so, the Committee will take into account factors it considers to be appropriate in the round. Such factors may include the Group's financial performance, balance sheet strength, market share, response to the COVID-19 pandemic and recovery of shareholder value and performance against environmental, social and governance priorities. The default should be that the underpin will be met in the absence of clear evidence of management failure or significant underperformance. If there is evidence of clear management failure or significant underperformance, the underpin will not be met.

The second underpin is a cumulative cost efficiency saving of £60m over the three-year performance period. The underpins will be measured up to the end of the 2024/25 financial year.

Annual report on remuneration

Remuneration terms for Dominic Paul's appointment

Dominic Paul joined Whitbread on 10 January 2023 and became Chief Executive Officer with effect from 17 January 2023. Dominic will be paid a salary of £900,000, and his incentive opportunities are in line with both his predecessor and the approved policy.

Dominic was eligible to participate in the 2022/23 AIS scheme on a pro-rated basis, based on the same maximum opportunity as current Executive Directors. Further details on 2022/23 AIS outcomes can be found on page 97.

As outlined in the Chair's letter, Dominic has been granted replacement share awards under the Whitbread Restricted Share Plan to compensate him for the awards that he forfeited as a result of his resignation from his previous employer.

In line with our approach to remuneration on recruitment, we replaced these forgone awards with awards of Whitbread shares, taking into account the value of the award and performance to date against the conditions attached to vesting. In replacement for the most recent LTIP cycle at his previous employer, Dominic was awarded a 2022 RSP award, with the same underpins as for the other Executive Directors, as set out on page 115. The other replacement awards are subject to continued employment, with vesting dates aligned to the awards they are replacing, and are not subject to further performance conditions.

Incentive foregone	Date of award	Number of shares	Face value of award (£'000) ¹	Vesting date	Holding period post-vesting
FY22 bonus	17 January 2023	9,071	240	15 April 2026	None
2020 deferred bonus award	17 January 2023	6,545	173	15 March 2023	None
2021 deferred bonus award	17 January 2023	6,808	180	15 March 2025	None
2020 LTIP	17 January 2023	30,505	807	15 September 2023	Two years
2021 LTIP	17 January 2023	27,214	720	15 September 2024	Two years
TOTAL		80,143	2,119		

¹ The number of awards to be granted was calculated using the closing price of Whitbread shares on the date of Dominic's service agreement (28 June 2022), which was £26.44. The face value has been calculated using the same share price.

Remuneration terms for Alison Brittain's departure

Alison Brittain retired from the Board and left the Company on 2 March 2023. Alison received her salary, benefits and pension allowance and participation in the 2022/23 Annual Incentive Scheme as usual until the date of leaving the Company. There was no pay in lieu of notice. In line with the approved remuneration policy, Alison was treated as a 'good leaver' on her retirement from the Company. In accordance with the Policy: unvested deferred share awards earned in respect of annual incentive schemes prior to 2022/23 will vest in full on their original vesting dates; the 2020 RSP award vested on its original vesting date at 45% of maximum and the awards made under the RSP in 2021 and 2022 will vest on their original vesting date, subject to the assessment of underpins at that time, and will be pro-rated based on service during the performance period. The post-employment shareholding requirements will apply.

Payments to past directors (audited information)

As disclosed in last year's remuneration report, Louise Smalley was treated as a 'good leaver' and her 2020 RSP award was eligible for vesting subject to assessment of the performance conditions and time pro-rating. The value of the award that vested was as follows:

Past Director	Number of shares granted	Number of shares after pro-ratio	Number of shares vesting	Estimated value at vesting date (£'000)
Louise Smalley	18,295	9,172	4,127	120

The share price used to calculate the value at vesting was (2,903.87p), which was average closing price of a Whitbread share in the final quarter of the 2022/23 financial year.

With the exception of regular pension payments and dividends on Whitbread shares and the exercise of share awards as permitted under the rules of the Company's share schemes, no other payments were made during the year to past directors.

Chief Executive's remuneration

Whitbread is in the hospitality business and has a large workforce of over 40,000 team members who are employed directly by the business, with the majority being in hourly paid customer facing roles in our hotels and restaurants. We have an aligned set of reward principles for all employees which includes a core principle to offer competitive pay rates at all levels, reflecting our position as a leading organisation in the hospitality sector. This enables us to attract and retain the right talented people for our winning teams.

For our hourly paid team members, we benchmark other hospitality companies to ensure we are competitive when comparing pay with similar organisations and we operate an approach to pay which increases pay for skills progression with clear and transparent pay rates for each role that increase as new skills are developed. For our Chief Executive, we benchmark against the FTSE 31-100 (removing any non-comparative industries such as Financial Services, Oil & Gas and Natural Resources, which include significantly higher levels of remuneration) and this allows us to have an appropriate comparison for this role in our sector.

As noted in previous years, the Chief Executive has a high level of variable pay, which impacts the CEO pay ratio. For 2022/23 this has led to the median pay ratio increasing from 105:1 in 2021/22 to 141:1. This is due to the outcome under the annual incentive award being higher than the payout under the annual incentive last year. In addition, an RSP award has vested in the year and is included in the Chief Executive's single figure and, therefore, is taken into account when calculating the CEO pay ratio.

All three of the UK employee reference points compare our Chief Executive's remuneration with that of hourly paid team members in customer-facing roles in the operational sites and again there is relatively limited difference in the 25th, median and 75th percentile ratios as shown below. Given this, we believe the median pay ratio is consistent with the reward policies for our UK employees. Whitbread has continued to use Option A to calculate its ratio, as the data required is readily available and this option provides the most accurate comparison as the figures are calculated on a like-for-like basis.

The table below shows how the total pay of the Chief Executive compares with our UK employees at the 25th, median and 75th percentile. For 2022/23, the Chief Executive remuneration is a blend of Alison Brittain and Dominic Paul for their respective times as Chief Executive as set out below:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022/23	Total pay (FTE):	£20,800	£21,632	£23,171
	Total pay & benefits (FTE):	£21,326	£22,224	£23,938
	Pay ratio (Option A):	147:1	141:1	131:1
2021/22	Total pay (FTE):	£19,341	£20,138	£21,594
	Total pay & benefits (FTE):	£19,659	£20,592	£22,153
	Pay ratio (Option A):	110:1	105:1	98:1
2020/21	Pay ratio (Option A):	55:1	53:1	50:1
2019/20	Pay ratio (Option A):	150:1	143:1	134:1

The figures were calculated on 27 February 2023 (the 'snapshot date') and use the single figure methodology (salary, benefits, annual incentive, LTIP, pension) and for the Chief Executive this is taken as a blend of Alison Brittain and Dominic Paul's total single figure remuneration for 2022/23 for their respective times as CEO of £3.141m.^{1,2}

Annual percentage change in remuneration

Whitbread PLC has no employees, but for information purposes, the Chief Executive's remuneration (including base salary, benefits and annual incentive payment) increased by 17.2% in the year, compared with an increase of 1.5% for the Group's employees as a whole.

* This reflects changes in the workforce in addition to pay increases. The average pay increase during 2022/23 for employees employed for the full year was 7%

Ten-year history of Chief Executive remuneration

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

Year	Chief Executive	Single total figure of remuneration £'000	% of maximum annual incentive achieved	% of LTIP/RSP award vesting
2022/23	Alison Brittain	3,199 ¹	94.4	45.0
	Dominic Paul	2,416 ²	94.4	N/A
2021/22	Alison Brittain	2,164	71.4	N/A
2020/21	Alison Brittain	1,032	0.0	N/A
2019/20	Alison Brittain	2,636	56.7	36.0
2018/19	Alison Brittain	5,588	54.8	0.0
2017/18	Alison Brittain	2,336	64.1	38.3
2016/17	Alison Brittain	2,509	49.8	76.5
2015/16	Alison Brittain	634	38.8	N/A
	Andy Harrison	2,423	38.8	97.2
2014/15	Andy Harrison	4,554	86.8	100.0
2013/14	Andy Harrison	6,374	82.6	100.0

1 In determining the combined CEO remuneration for 2022/23 for the purposes of the CEO pay ratio, Alison Brittain's remuneration in respect of the period to 17 January 2023 only has been used (£2,845m), reflecting that Dominic Paul became CEO with effect from the close of the Board meeting held on that day.

2 Includes a value of £2.12m that Dominic Paul received as replacement share awards to compensate him for the awards that he forfeited at his previous employer. This has not been taken into account when determining the CEO pay ratio (£0.297m used in the CEO pay ratio).

Annual report on remuneration

Comparison of executive remuneration policy with wider employee population

When reviewing the executive directors' remuneration policy, the Remuneration Committee takes into consideration the pay and employment conditions of all employees across the Group. Remuneration was discussed at the Our Voice Pan-Whitbread Forum and during the year the Remuneration Committee considered wider workforce remuneration and its alignment with executive remuneration together with the key themes from employee engagement.

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

Base salary

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

Benefits

Approximately 450 employees across the Group are entitled to a company car or cash in lieu of a company car. The scheme is structured so that the level of the allowance is on a sliding scale, with employees on higher grades receiving a larger allowance. The executive directors are no longer entitled to a company car under this scheme but are entitled to receive cash in lieu of a car.

Approximately 2,200 employees are entitled to participate in the Group's private healthcare scheme, with 800 of these, including the executive directors, entitled to family cover. In addition, a small number of senior executives, including the executive directors, are entitled to annual health screening.

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

Whitbread's Sharesave scheme is a standard HMRC approved SAYE scheme. It is offered to all employees in the UK and Germany, including the executive directors, on equal terms.

Annual Incentive Scheme

Approximately 4,250 employees are eligible to take part in an annual incentive scheme linked to the achievement of financial and other business targets. The maximum opportunity is dependent on role. Approximately 50 employees, including the executive directors, are entitled to participate in the Annual Incentive Scheme, with maximum payouts split between cash and deferred share awards, ranging from 60% to 170% of base salary.

Approximately 100 employees, including the executive directors, are given individual strategic objectives in addition to the financial and other business targets mentioned above.

Restricted Share Plan

Approximately 50 employees, including the executive directors, participate in the RSP. This plan is not available to the wider employee population, although the Sharesave scheme provides employees with a form of long-term incentive.

Pension

Like all employees, the executive directors are entitled to participate in the Company's pension scheme. The scheme is a defined contribution scheme. Employees below the executive level are able to choose a contribution rate of between 5% and 10% and have this matched by the Company. Employees who do not choose to participate may be

automatically enrolled, with contributions in line with the automatic enrolment regulations.

Since 31 December 2022, the executive directors receive Company contributions of 10% of base salary, which aligns with the contribution rate offered to the majority of the wider workforce. The upper limit for new joiners continues to be 10% of base salary as agreed in the previous policy. Contributions can be allocated to the individual's pension or taken as cash.

Relative importance of spend on pay

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

	2021/22	2022/23	% change
Employee costs	£678.9m	£784.2m	15.5%
Dividends	£-	£119.1m	N/A

Implementation of remuneration policy in 2023/24

Base salary

Dominic Paul, having recently been appointed, will not be entitled to receive a salary increase in May 2023. Hemant Patel will receive a salary increase of 3% in May 2023, which is lower than the increases in pay for salaried employees across the organisation. The base salaries of the executive directors with effect from 1 May 2023 will be as follows:

Director	Base salary at 1 May 2023 £'000	Base salary at 1 May 2022 £'000
Dominic Paul	900	N/A
Hemant Patel	530	515

Benefits and pension

The benefits received by each executive director will continue to include family private healthcare, a cash allowance in lieu of a company car and cash allowances at 10% of salary in lieu of pension.

Annual Incentive Scheme

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

The measures and weightings for the 2023/24 annual incentive are therefore as follows:

Measure	Weighting
Profit performance	50%
Efficiency	20%
Strategic objectives	20%
ESG measures	10%

Financial measures

The targets of the two financial metrics, which make up 70% of the annual incentive, are considered by the Board to be commercially sensitive and, for that reason, are not disclosed in advance. The Committee intends to disclose the targets retrospectively in the 2023/24 report.

Strategic objectives

Each executive director also has business objectives aligned with the Group's strategic priorities. They will be eligible to receive up to 20% of the maximum incentive opportunity based on the delivery of these objectives. Some of the objectives have measures with clear threshold, on-target and stretch targets, whereas others will be objectively assessed against a stretch level of performance. All measures are quantifiable and linked to the business plan and future financial performance. For both executives, objectives have been set under the following areas:

- grow and innovate in the core UK market;
- focus on our strengths to grow in Germany; and
- enhance our capabilities to support long-term growth.

ESG

The 10% allocation to ESG measures will be split between:

- reduction in carbon emissions;
- diversity in our senior leadership population; and
- reduction in water use.

Cash awards will be made in May 2024, with deferred equity issued in April or May 2024 and due to vest in 2027, with no further performance conditions applying.

Restricted Share Plan

Awards will be granted at 125% of salary for Dominic Paul and 110% of salary for Hemant Patel. The awards will be subject to two underpins and, subject to these underpins being met, are expected to vest in 2026, after which they will be subject to a two-year holding period.

As explained in last year's report, it was intended to return to the type of Restricted Share Plan underpins which were originally used when the Plan was developed and it has been decided that it is both possible and appropriate to do this for the 2023 award. Therefore, the underpins will be:

- the Company's average lease-adjusted net debt to FFO leverage ratio being less than 4.7x; and
- the Company's average ROCE for the UK business to be 9% or higher.

The FFO leverage ratio underpin is fully in line with our original approach other than a change in the level from 4.5x to 4.7x, which is solely to reflect the accounting change under IFRS 16, whereby lease interest and depreciation is now recognised through the P&L, in place of accounting rent. Excluding the accounting change, the level is equivalent with the 2020 RSP underpin.

The ROCE underpin under the 2020 RSP award was relative to our WACC – specifically, that ROCE for the UK business should be at least WACC+1%. For 2023, the underpin has been set at a fixed average ROCE of 9% for the following reasons:

- A fixed % ROCE underpin is a more stable underpin during periods of market volatility that can impact WACC over the short term. It also provides greater clarity to participants, whilst ensuring expectations for shareholder returns are met.
- An underpin of 9% ROCE for the UK business is consistent with our historical levels of return over the decade prior to 2019/20, with an appropriate discount to acknowledge that the underpin should act as a guard against management failure, rather than as a performance condition.

- Focusing this underpin on the returns in the UK business remains appropriate given that: (i) the vast majority of our capital is invested in the UK, and it is essential that we maintain UK returns at the target level; and (ii) we are investing significant capital in Germany, and returns tend to be lower in the early years of a hotel's maturity, and therefore including Germany at this stage could act as a disincentive to management to invest in Germany. We intend to keep this under review going forward.

In concluding that these are the appropriate underpins, the Committee consulted with major shareholders before finalising them.

Chairman's fee

The Chairman received a 3% increase in his fee with effect from 1 March 2023, taking his annual fee to £432,860.

Non-executive director fees

The base annual fee for non-executive directors increased on 1 March 2023 by 3% to £66,230. The fees for the chairmanship of the Audit Committee and the Remuneration Committee were increased to £21,220. The fee for the Senior Independent Director increased to £15,920 and the fees for membership of the Audit and Remuneration Committees increased to £5,310.

Statement of shareholder voting

The advisory resolution to approve the 2021/22 annual report on remuneration, together with a resolution to approve the Directors' remuneration policy, was put to shareholders for approval at the 2022 AGM and the resolutions were passed. For further details on engagement with shareholders in relation to the voting results, please see page 93.

The voting results were as follows:

Resolution	For	Against	Total	Withheld
Annual report on remuneration	76,536,853 (61.6%)	47,800,014 (38.4%)	124,336,867	3,468,045
Directors' remuneration policy	109,378,984 (85.7%)	18,280,422 (14.3%)	127,659,406	145,506



Frank Fiskers

Chair, Remuneration Committee
24 April 2023