Summary of our proposed remuneration policy and implementation for 2025/26

The Company's directors' remuneration policy (the 'Policy') is due to be renewed by shareholder approval at the annual general meeting on 19 June 2025. A summary of the proposed Policy and how we intend to implement it for 2025/26 is set out below. We set out the full proposed remuneration policy on pages 122 to 129.

Key elements	2025/26	2026/27	2027/28	2028/29	2029/30	Overview of remuneration policy		Implementation for 2025/26
Base salary, pension and benefits	›					**Salary**	Salaries are reviewed annually.	CEO: £964,080 (3% increase). CFO: £568,218 (3% increase).
						Benefits	Car or car allowance and healthcare or personal insurance. Additional benefits may be provided in exceptional circumstances (e.g. relocation).	In line with Policy.
						Pension	Maximum of 10% of salary.	CEO: 10% of salary. CFO: 10% of salary.
Annual Incentive Scheme	›					**Maximum opportunity**	Up to 200% of base salary. Any increase beyond 170% of salary will only be applied in exceptional circumstances.	CEO: 170% of salary. CFO: 170% of salary.
		›				**Operation and metrics**	Directors are required to defer 50% of their bonus into shares, if they have not met their minimum shareholding requirement, or 25% of their bonus if they have met their shareholding requirement. The remainder is paid in cash. Shares vest after three years. Malus and clawback provisions apply.	Profit: 50%. Germany profit: 10%. Efficiency: 15%. Strategic objectives: 20%. ESG: 5%.
Restricted Share Plan			›	›		**Maximum opportunity**	CEO: 125% of salary. CFO: 110% of salary.	CEO: 125% of salary. CFO: 110% of salary.
						Operation and metrics	Three-year vesting period. Subject to two or more performance underpins and continued employment. Additional two-year holding period. Malus and clawback provisions apply.	Average lease-adjusted net debt to EBITDAR leverage ratio being less than 4.2x. Average ROCE for the UK business to be 9% or higher.
Shareholding requirement					›	**Shareholding requirements**	CEO: 300% of salary. CFO: 200% of salary. Requirement is that shares from exercised share awards must be retained until these levels have been reached.	Actual shareholding as at 27 February 2025: Dominic Paul 235%. Hemant Patel: 187%.
						Post-cessation shareholding requirements	100% of the in-role requirement for two years post-departure.	
Malus and clawback					›	**Circumstances**	i) Material misstatement of results. ii) Misconduct. iii) Material loss as a result of participant actions or behaviour. iv) Material reputational damage. v) An error in assessing the performance conditions or underpin. vi) Insolvency or corporate failure.	

DIRECTORS' REMUNERATION POLICY

Introduction

This report outlines the Company's directors' remuneration policy (the 'Policy'), which shareholders will be asked to approve at the annual general meeting to be held on 19 June 2025. Subject to shareholder approval, the Policy will be effective from the date of the 2025 AGM and is intended to apply for three years.

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

- align with the business strategy and the achievement of planned business goals;
- support the creation of sustainable long-term shareholder value;
- provide an appropriate balance between remuneration elements that attract, retain and motivate the highest calibre of executive talent; and
- encourage a high-performance culture by ensuring share–based remuneration constitutes a substantial proportion of the remuneration package and by linking maximum 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. It also details the changes from the previous Policy, where applicable.

Future Policy table

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

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual Incentive Scheme (AIS) **Changes from previous Policy:** Deferral reduced to 25% once shareholding requirement is met. At most, 60% of the maximum incentive will be payable for target performance respectively for each measure.	• To provide a direct link between annual performance and reward. • To incentivise the achievement of outstanding results across appropriate key stakeholder measures. • To align with the long-term interests of shareholders and help participants build a significant stake in the business over time, by awarding a material part of the annual incentive in deferred equity.	• Targets for measures 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.	• Up to 200% of base salary. • The maximum bonus for 2025/26 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. • 50% of any bonus earned is deferred into shares if the minimum shareholding requirement has not been met. If the minimum shareholding requirement has been met, 25% of any bonus earned is deferred into shares.	• 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. At most, 25% of the maximum incentive is paid for threshold performance, with a maximum of 60% paid for on-target performance and the full incentive payment being paid for delivering stretch performance for each measure. • 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.
Restricted Share Plan (RSP) **Changes from previous Policy:** 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.	• 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.	• Annual awards to a maximum of 125% of base salary in respect of each financial year. • The grant for 2025/26 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.	• 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 are 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 CONTINUED

Future Policy table continued

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Sharesave scheme **Changes from previous Policy:** None.	• To encourage long-term shareholding in the Company.	• Annual invitation to all employees, including 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).	• Consistent with prevailing HMRC limits, currently savings are limited to £500 per month.	• None.
Pension **Changes from previous Policy:** Maximum potential value simplified to remove legacy text in relation to phased reduction in contribution rate from 15% to 10% of base salary.	• Pension benefits are provided in order to offer a market competitive remuneration package that is sufficient to attract and retain executive talent.	• Executive directors are entitled to participate in the Company's pension scheme (or other pension arrangements relevant to their location if based overseas). • Defined contribution scheme. • Can elect for cash in lieu of pension contributions.	• The maximum pension contribution is aligned with the rate available to the majority of the wider workforce, which is currently 10% of base salary.	• None.
Chairman and non-executive fees **Changes from previous Policy:** None.	• To attract and retain a Chair and non-executive directors of the highest calibre.	• The Chairman receives an annual fee and the non-executive directors receive a base fee, with additional fees for acting as the Senior Independent Director or for chairing, or being a member of, the Audit or Remuneration Committee or any other Board Committee as may be constituted from time to time. • The Chairman and non-executive directors are entitled to claim all reasonable expenses, and the Company may settle any tax incurred, but do not receive any other fees or remuneration in connection with their roles at Whitbread.	• The fees are reviewed annually by the Board (excluding the non-executive directors), taking into account a range of factors including the time commitment required of the directors, the responsibilities of the role and the fees paid by other similar companies. • Non-executive director fees must remain within the aggregate limit approved by shareholders from time to time. The current aggregate limit is £1,000,000 (excluding the Chairman's fee and additional fees, such as for Committee membership).	• None.

Share-based awards under the AIS and RSP may:

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

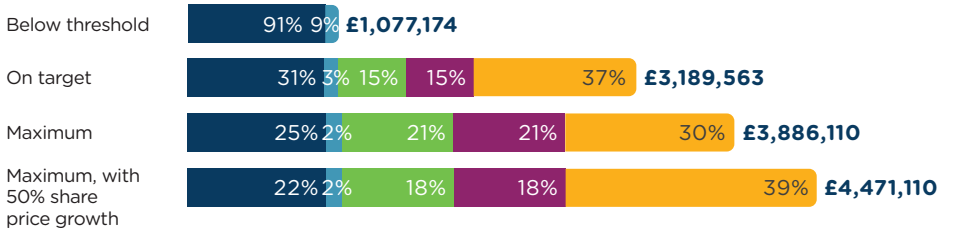
b) be adjusted in the event of any variation of the Company's share capital or in any other circumstances the Committee considers it appropriate.

Illustration of application of remuneration policy

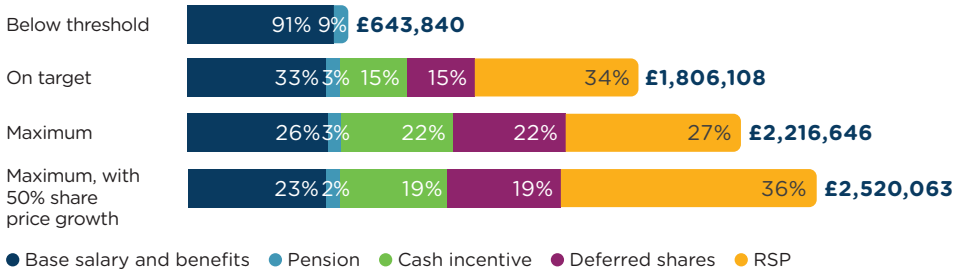
The graphs below show how the Policy will be applied in 2025/26, with details of expected remuneration levels for each director for below threshold performance, on-target performance and maximum performance.

Executive directors – potential value of 2025/26 package

Dominic Paul



Hemant Patel



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

Below threshold	On target	Maximum
• Only the fixed pay elements are received (base salary, benefits and pension). • Salary reflects what will be paid in 2025/26. For the CEO and CFO this means the salary has been pro-rated to reflect the increase from 1 May 2025. • Benefits are included at the value in the 2024/25 single figure table. • The CEO's and CFO's pensions are 10% of salary.	• Fixed pay elements plus target annual bonus and RSP. • Incentives are based on salaries at 1 May 2025. • On-target pay for the Annual Incentive Award has been included at 57.5% of the maximum award (170% for each director). • On-target pay for the RSP has been included at 100% of the 2025/26 maximum award (125% of salary for the CEO and 110% of salary for the CFO).	• Fixed pay elements plus maximum Annual Incentive Award and RSP, with values as set out to the left. • An additional scenario sets out the value of the RSP assuming a 50% increase in share price between grant and vesting.

Performance measures

With the exception of base salary, benefits, pension and participation in the Sharesave scheme, all other elements of the remuneration packages of the executive directors are linked to performance.

The RSP is subject to performance underpins, which, if not met, may cause an award to be reduced. The RSP is designed to incentivise delivery of the growth strategy in both the UK and Germany, to support shareholder alignment through direct exposure to share price and to retain executive directors throughout an important time for the business to deliver the growth. The underpins each year are set taking into account the business plan and the Group's strategy so as to protect against a payment for failure.

The performance measures and targets for the Annual Incentive Scheme are selected annually to align with the business strategy. Targets for measures are normally set at the beginning of the financial year.

There are a number of types of measure used to determine the level of awards under the scheme. There are financial and other business measures and some strategic growth objectives. The growth objectives will be quantitative measures linked to individual responsibilities in the context of our strategic objectives and will be reviewed in advance by the Committee. Targets are set taking into account the business plan.

Malus and clawback

Malus and clawback provisions apply to the RSP for the duration of the vesting period and for two years following vesting respectively, which can result in a reduction of the award (including to zero). Malus and clawback provisions apply to the deferred annual bonus and cash portion of the bonus respectively for the duration of three years from the date of the award (or, if earlier, in the case of a deferred share award, the date of vesting). The malus and clawback periods are purposefully designed to align with respective deferral, vesting and holding periods. These are considered appropriate timeframes to review whether any trigger events have occurred under the malus and clawback provisions.

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

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

Shareholding requirements

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

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

Additionally, executive directors will continue to have shareholding requirements post-cessation. It is a term of grant of all deferred bonus and RSP awards granted since December 2019 that the award cannot be exercised if an individual is not, at that point in time, meeting their post-cessation shareholding requirement.

The post-cessation shareholding requirements have been set at 100% of the normal shareholding requirement for two full years after cessation of employment.

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

Service contracts and external appointments

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

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

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

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
Kal Atwal	1 March 2021
Horst Baier	1 November 2019
Frank Fiskers	1 February 2019
Richard Gillingwater	27 June 2018
Karen Jones	9 January 2023
Chris Kennedy	1 March 2016
Shelley Roberts	31 October 2023
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 re-election at the AGM.

Policy on payment for loss of office

Base salary and contractual benefits

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

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

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

Annual Incentive Scheme

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

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

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

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

Restricted Share Plan

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

If an executive director leaves the Company for any other reason, any unvested RSP awards would lapse at the date of leaving.

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

In the event that an executive director was summarily dismissed for gross misconduct or was to leave the Company in circumstances in which the reputation of the Company is materially damaged, the Committee would consider the application of the clawback and/or malus provisions to which the awards were subject. In the event of a change of control of the Company, unvested RSP awards will typically vest to the extent determined by the Committee, taking into account: (i) the Committee's assessment of the relevant performance underpins; (ii) the underlying financial performance of the Company; and (iii) such other factors as it considers relevant. RSP awards will (unless the Committee determines otherwise) be reduced on a time-apportioned basis, normally by reference to the proportion of the underpin measurement period (or if the Committee determines, the vesting period) that has elapsed. In determining whether an award should not be time pro-rated, the Committee will take into account: (i) the performance of the Company during the vesting period; (ii) the Company's share price performance during the vesting period; (iii) the amount of consideration from any buyer; and (iv) such other factors as it considers relevant.

Approach to remuneration on recruitment

Our approach to recruitment is that remuneration should be set in line with the Policy table set out on pages 122 to 124. Whilst we would not seek to vary this approach, there may be circumstances in which it is necessary to do so.

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

Other elements of annual remuneration will be set in line with the Policy set out in the Policy table. As such, variable remuneration will be capped at 200% of salary under the Annual Incentive Scheme. If a new executive director is recruited, they can be granted an award under the RSP, the maximum opportunity of which will be 125% of salary. The following exceptions will apply:

- as deemed necessary and appropriate to secure an appointment, the Committee is able to make additional payments linked to relocation; and
- the Committee may also make an additional award of cash or shares in connection with the appointment of a new director in order to compensate for the forfeiture, or the loss of value in respect of all or part of an award from a previous employer. Such awards would take account of the value, the performance conditionality of the awards which they replace, the proportion of the performance period remaining and the type of award. The Committee would take into account the strategy at Whitbread and may also require the appointee to purchase shares in Whitbread to a pre-agreed level prior to vesting.

Where an individual is recruited internally to the position of executive director, Whitbread will seek to honour any pre-existing contractual commitments, taking into account the remuneration of the existing executive directors.

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

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

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

Comparison of executive remuneration policy with wider employee population

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, our formal workforce advisory panel, 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 of the Policy describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population.

Base salary

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

Benefits

Approximately 430 employees across the Group are entitled to a company car or cash in lieu of a company car. The scheme is structured so that the level of the allowance is on a sliding scale, with employees on higher grades receiving a larger allowance. The executive directors are no longer entitled to a company car under this scheme but are entitled to receive cash in lieu of a car.

Approximately 1,600 employees are entitled to participate in the Group's private healthcare scheme, with 700 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, which is offered to all UK employees, including the executive directors, on equal terms. A similar Sharesave scheme is also offered to employees in Germany. This runs alongside the UK scheme, using the same option price and savings terms.

Annual Incentive Scheme

Approximately 3,600 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 60 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, have individual strategic objectives in addition to the financial and other business targets mentioned above.

Restricted Share Plan

Approximately 55 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.

Consideration of shareholder views and summary of decision-making process

The Committee has consulted with Whitbread's major investors, along with Glass Lewis, ISS and the Investment Association.

These consultations have been very helpful to us as we have updated our Policy for the future, and we would like to thank all those who responded to the consultations for their time and input. As part of the feedback, a small number of shareholders asked that we align our post-cessation shareholding requirement (PCSR) with the Investment Association's recommended approach. While we are comfortable with our current approach, which extends the requirement to three years on a phased basis, we would be equally comfortable with this suggested amendment. As such, we propose to amend our PCSR to apply 100% of the normal shareholding requirement for two full years after cessation of employment. This amendment aligns us with typical market practice as well as the Investment Association guidelines.

Legacy matters

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) before the Company's first shareholder-approved directors' remuneration policy came into effect; (ii) before this Policy came into effect if the terms were in line with the Company's shareholder-approved directors' remuneration policy in force at the time those terms were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Remuneration Committee discretion

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

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

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

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

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

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