Appendix I
Revised Directors' Remuneration Policy

Directors' Remuneration policy

Introduction

This Appendix describes the Directors' Remuneration Policy, which shareholders will be asked to approve at the 2018 General Meeting to be held on 27 June 2018. Subject to shareholder approval, the policy will be effective from the date of the 2018 General Meeting and is intended to apply for three years.

For executives, 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 performance-related remuneration constitutes a substantial proportion of the remuneration package and by linking maximum payout opportunity to outstanding results.

Our approach is now also designed to enable the Company to pursue the demerger of Costa as fast as is practical and appropriate in order to establish two focused and high-quality businesses, thereby optimising value for shareholders.

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

Future policy table

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Base salary	• Base salaries are set to be sufficient to attract and retain the calibre of executive talent needed to support the long-term interests of the business.	Salaries are reviewed annually taking account of: • the salary review across the Group; • trading circumstances; • personal performance, including against agreed objectives; and • market data for an appropriate comparator group of companies.	• Annual salary increases would normally be in line with the average increases for employees in other appropriate parts of the Group. • On occasion, increases may be larger where the Committee considers this to be necessary. Circumstances where this may apply include growth into a role, to reflect a change in scope of role and responsibilities, where market conditions indicate a level of under-competitiveness and the Committee judges that there is a risk in relation to attracting or retaining executives. • Where the Committee awards increases above the average for other employees, it will do so in accordance with policies applying across the Group and the resulting salary will not exceed the competitive market range.	• None.
Benefits	• Benefits are intended to be competitive in the market so as to assist the recruitment and retention of executives.	• Executive Directors are entitled to benefits relating to car, healthcare/personal insurances. • 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, re-imbursement of expenses for temporary accommodation, travel and legal financial assistance.	• In 2017/18 the benefits received by the Executive Directors amounted to between 2.7% and 5.2% of salary. 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	• To provide a direct link between annual performance and reward. • To incentivise the achievement of outstanding results across appropriate key stakeholder measures. • To align with the long-term interests of shareholders and help participants build a significant stake in the business over time, by awarding a material part of the annual incentive in deferred equity.	• Targets for measures set at the beginning of the financial year. • Cash awards paid following the end of the financial year. • Deferred shares awarded following the end of the financial year and, under normal circumstances, released three years after the date of award. • Malus provisions apply to unvested deferred shares and clawback provisions apply to cash awards in the event of a material misstatement of results.	• 167% of base salary (up to 50% of maximum paid in cash and the remainder is paid in deferred shares).	• Awards are payable based on three weighted areas covering underlying profit performance, individual strategic objectives and performance against selected team and customer related measures from the WINcard (the Group's balanced scorecard). Performance measures under each area are determined annually and the Committee is able to adjust the weighting of the areas annually based on prevailing business needs. However, the underlying profit performance will represent no less than 50% of total award at any time. Other measures will be objective and, when possible, externally benchmarked leading indicators of future financial performance will be used. Normally around 25% of the maximum incentive is paid for threshold performance, with around 50% paid for on target performance and the full incentive payment being paid for delivering stretch performance. These vesting levels may vary from year to year. • For 2018/19, the weighting of the annual incentive award will be based on 50% underlying profit performance, 25% on individual strategic objectives and 25% Customer Heartbeat/Winning Teams measures from the WINcard.
Long Term Incentive Plan (LTIP)	• To align the interests of senior executives closely with sustainable long-term shareholder value creation. • To focus rewards on both the sustained delivery of absolute long-term earnings growth and the efficient use of capital over the long term. • To retain and motivate executives over the performance period of the awards and beyond.	• Awards made annually in shares. • The 2018 and 2019 LTIP grants will be replaced by a one-off grant under the Performance Share Plan — see below. • Awards vest after three years subject to performance conditions. • Two-year holding period post-vesting. • Dividend equivalents may be provided on vested awards during a holding period. • Subject to clawback and malus provisions.	• Annual awards to a maximum of 200% of base salary.	• Performance measures and weightings will be determined by the Remuneration Committee and would normally be EPS and ROCE, equally weighted, however the Committee may use other or additional measures and change weightings in respect of any new grant. For threshold performance, 20% of the award will vest; for maximum performance, 100% of the award will vest.
Performance Share Plan (PSP) Award (one-off award)	• To incentivise and reward management to optimise shareholder value through the completion of the demerger process.	• One-off award to be granted following shareholder approval. • Awards will vest subject to performance. • The performance period ends on the sooner of a Demerger and 24 months from the date of the first award granted under the PSP. A Demerger means arrangements for the separation of the "Premier Inn" and "Costa" businesses of the Group, whether that is implemented by way of demerger or by way of the sale to a third party of all or substantially all of one or other of those businesses. The Remuneration Committee will determine the date on which the Demerger has completed. • Awards are subject to malus and clawback provisions. • Two-year holding period post-vesting. • Dividend equivalents may be provided during the holding period (save in respect of special dividends, which may be provided in respect of the vesting period as well) or such other period as the Remuneration Committee may determine.	• One-off grant of 400% of base salary for CEO, calculated in line with the PSP rules. • One-off grant of 350% of base salary for all other Executive Directors, calculated in line with the PSP rules. • Up to 350% of base salary (as at the relevant grant date) for eligible Executive Directors joining after 1 May 2018, where the Committee determines they are eligible to participate in the PSP. • This award will replace the 2018 and 2019 LTIP grants for the current Executive Directors. • Each Executive Director is only eligible to receive one grant under the PSP.	• 40% of the award would vest subject to assessment against strategic objectives. For threshold performance, 0% of the portion of the award in relation to the strategic objectives will vest; for maximum performance 100% of this portion of the award will vest. • 60% of the award would vest subject to the following financial performance: • 20% Costa ROCE; • 20% Premier Inn UK ROCE; and • 20% relative TSR, with both ROCE measures and TSR based on a range with threshold and maximum targets. For threshold performance, 20% of the portion of the award in relation to the ROCE and TSR measures will vest; for maximum performance 100% of the portion of this award will vest with straight line vesting in between. In exceptional circumstances the Committee may change or introduce additional measures or adjust the weighting of performance measures in the future based on prevailing business needs. Any material changes will be discussed with shareholders in advance.

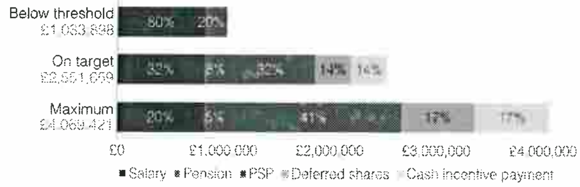
Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
		• Awards may be satisfied in Whitbread shares, cash and/or shares in any other entity.		
Sharesave Scheme	• To encourage long-term shareholding in the Company.	• Annual invitation to all employees, including the Executive Directors. • Option price calculated by reference to the market price discounted by 20% on the invitation date. • Options granted over a three and/or five-year period.	• Consistent with prevailing HMRC limits, currently savings limited to £500 per month.	• None.
Pension	• Pension benefits are provided in order to offer a market competitive remuneration package that is sufficient to attract and retain executive talent.	• Executive Directors are entitled to participate in the Company's pension scheme (or other pension arrangements relevant to their location if based overseas). • Defined contribution scheme. • Can elect for cash in lieu of pension contributions. • If cash is taken, the amount is reduced by the value of the employer's national insurance liability.	• 27.5% of base salary (maximum of 25% for new joiners although the actual level will be determined based on all relevant factors at the time of appointment).	• None.

Illustration of application of Directors' Remuneration Policy

The graphs below show how the directors' remuneration policy will be applied in 2018/19, with details of expected remuneration levels for each director for below threshold performance, for on-target performance and for maximum performance.

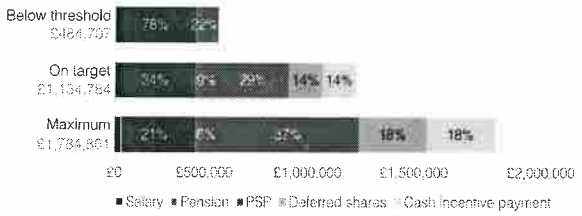
Executive Directors—potential value of 2018/19 package

Alison Brittain



Nicholas Cadbury

Louise Smalley



On-target performance assumes a 50% payout of maximum opportunity for the Annual Incentive plan and the PSP. For simplicity, no share price growth is assumed. Taxable benefits are not included. The PSP award replaces the 2018 and 2019 LTIP grants. The PSP figure has been annualised, i.e. only half of the total PSP award is included in the scenario charts above.

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.

Annual Incentive Scheme

The Annual Incentive Scheme has been designed to incentivise outstanding performance across a number of key stakeholder measures and it rewards approximately 90 executives with both a cash payment and an award of deferred shares. The scheme operates over a four-year period as follows:

- performance in the first year is measured against the three performance areas to determine the level of awards;
- measures are set by the Remuneration Committee so that on-target performance is challenging;
- at the end of the first year, cash payments are made and any deferred shares are awarded as appropriate;
- there is a three-year deferral period for the deferred shares before they vest to the executive; and
- malus provisions apply to the deferred share awards in the event of a material misstatement of results, with clawback provisions applying to cash awards.

There are three types of measure used to determine the level of awards under the scheme. There is a profit measure, a number of WINcard measures (or other stakeholder measures as may be deemed appropriate by the Remuneration Committee) and some individual strategic objectives. The strategic individual objectives will be quantitative measures linked to individual responsibilities in the context of our strategic objectives, and will be reviewed in advance by the Remuneration Committee. Targets are set taking into account the business plan, and the link between targets and the Group's strategy can be seen on page 73 of the Annual Report and Accounts 2017/18.

Long Term Incentive Plan

Any grant under the PSP will replace the 2018 and 2019 LTIP Awards for current Executive Directors following shareholder approval.

For any future grants made under the LTIP relevant targets and measures will be disclosed at that time.

Performance conditions applicable to awards granted to Executive Directors prior to 2018 shall continue to apply to any subsisting awards.

Performance Share Plan

For the PSP, the performance conditions will be as follows:

- 40% of the award would vest subject to assessment against strategic objectives;
- 60% of the award would vest subject to the following financial performance:
  - 20% Costa ROCE;
  - 20% Premier Inn UK ROCE; and
  - 20% relative TSR.

At the end of the performance period the Remuneration Committee will carry out an overall assessment of the strategic objectives. When undertaking this assessment the Remuneration Committee will consider the following factors, using judgement where appropriate:

- the degree of achievement of the overall goal to pursue the separation as fast as practical and appropriate in order to establish two focused and high-quality businesses, thereby optimising value for the Company's shareholders. This may be by way of demerger or sale;
- the quality of the execution of the objectives, including appropriate independent assessment; and
- the underlying financial performance of the business, taking into account key financial performance indicators.

These performance conditions were selected because the Committee believes that they provide an appropriate balance between stretching financial targets and the key strategic actions to create value through a successful demerger.

Malus and Clawback

Malus and clawback provisions apply to the LTIP and PSP 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 can be triggered where, in the opinion of the Remuneration Committee, there are exceptional circumstances including in the event of: (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 Whitbread Group as a result of (a) reckless, negligent or wilful actions or (b) inappropriate values or behaviour; or (iv) where there has been an event that has caused, or is likely to cause material reputational damage to the Whitbread Group. Clawback can be triggered in the event of a restatement of financial results or an error in assessing performance conditions that result in the award vesting to a greater degree than would have been the case had the error not occurred, the participant being summarily dismissed because of his misconduct, or where there has been an event that has caused, or is likely to cause, material reputational damage to the Company and/or the Whitbread Group.

Changes to the directors' remuneration policy in 2018/19

The primary change to this policy is the introduction of the PSP and a one-off award under the PSP, which will replace the 2018 and 2019 LTIP awards for the current Executive Directors. Other minor wording changes have been made to provide further clarification on how the policy will be operated in practice, in particular in relation to the treatment of outstanding awards on change of control, malus and clawback provisions, and certain discretionary powers available to the Remuneration Committee.

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.

The dates of the Executive Directors' service contracts are as follows:

Alison Brittain	21 May 2015
Nicholas Cadbury	3 September 2012
Louise Smalley	25 October 2012

The Executive Directors are entitled to retain fees from external directorships.

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 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 a director left by reason of gross misconduct.

A 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 made for loss of office. 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 Remuneration 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 cessation of office or employment.

Annual Incentive Scheme

If a director leaves the Company for a 'permitted reason' under the rules of the scheme (or if the Committee decides to apply 'good leaver' status in accordance with the discretion outlined later in this document), the default position would be that deferred shares would vest on the date of leaving and a pro-rated cash award would be made for the incentive year. No new deferred shares would be awarded and the director would receive a pro-rated cash payment in lieu of the deferred shares. Notwithstanding the above, the Committee has the discretion to make a deferred shares award for the incentive year, with such award due to vest at the same time as the awards made to continuing employees for that year.

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

In the event that a 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.

Long Term Incentive Plan and Performance Share Plan

If a director leaves the Company for a 'permitted reason' under the rules of the plan (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 LTIP or PSP awards would be pro-rated for time served unless the Committee determines otherwise. Performance would be tested at the end of the performance period and the pro-rated awards would vest at the same time as for continuing employees. No LTIP award would be made in the final year of employment if the Company was aware that the director would be leaving at the point that awards are made.

If a director leaves the Company for any other reason, any unvested LTIP or PSP awards would lapse at the date of leaving.

Vested, but unexercised, LTIP awards (including those subject to a holding period) would be exercisable from the later of six months from the date of leaving or six months from the end of the holding period. In the case of the PSP, vested but unexercised awards (including those subject to a holding period) are exercisable for six months from the end of the holding period unless in exceptional circumstances the Committee determines that they will be exercisable for six months from the date of termination, save that if the director is summarily dismissed for gross misconduct, his award shall lapse.

In the event that a 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 clawback and/ or malus provisions may be applied.

In the event of a change of control of the Company, PSP and LTIP awards will normally vest subject to performance conditions (unless the Committee determines otherwise, having regard to the underlying financial performance of the Company over the relevant period and such other factors as they may consider relevant). Awards will normally be reduced on a time pro rated basis (unless the Committee determines otherwise). In respect of the

PSP, if a demerger that is not the sale of a business to a third party has been effected, a change of control of the Company will result in share awards over Company shares only being exercisable. Similarly, a change of control of the demerged entity will result in share awards over shares in that demerged entity only being exercisable.

Approach to remuneration on recruitment

Our approach to recruitment is that remuneration should be set in line with the policy table set out above. 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 future policy table. As such, variable remuneration will be capped at 167% of salary under the Annual Incentive Scheme. If a new Executive Director is recruited before completion of demerger they will be eligible to receive a grant under the PSP or the LTIP, depending on the circumstances and timeframe of their recruitment. If they are granted an award under the LTIP the maximum award will be 200% of salary as per the remuneration policy table. If they are granted an award under the PSP the maximum opportunity will be 350% of salary, but the Remuneration Committee will review this level based on when the individual is recruited and the expected timeframe until demerger is complete. The following exceptions will apply:

- in the event that an internal appointment is made, the Committee may continue with existing remuneration provisions relating to pension and benefits;
- 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 on appointment of a new director in order to compensate for the forfeiture of an award from a previous employer. Such awards would be on a comparable basis, taking account of performance, the proportion of the performance period remaining and the type of award. The Committee will normally set appropriate performance conditions and vesting would generally be over a similar timeframe to awards forfeited. 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.

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 a 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 policy at the time of appointment. If necessary, to secure the appointment of a new Chairman 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

This section of the Appendix describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population. Whilst the Committee consulted with employees in relevant roles when developing the Directors' Remuneration Policy in 2017, it did not consult with employees in relation to the introduction of the PSP.

Base salary

All employees, including the Executive Directors, receive an annual review of base salary. Under normal circumstances the annual increase in salary for an Executive Director will be in the same range as the increase for employees across the Group.

Benefits

Approximately 1,100 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 2,700 employees are entitled to participate in the Group's private healthcare scheme, with 1,150 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 directors have waived their right to this benefit. Employees, including the Executive Directors, have access to subsidised restaurants within the Company's offices in Dunstable and Luton and to free Costa coffee within the Company's offices.

Whitbread's Sharesave scheme is a standard HMRC approved SAYE scheme. It is offered to all UK employees, including the Executive Directors, on equal terms. The Company has shareholder approval to extend its share schemes overseas and the Remuneration Committee has the ability to establish a Sharesave scheme outside of the UK in the future.

Annual Incentive Scheme

Approximately 6,400 employees are eligible to receive an annual incentive payment linked to the achievement of profit and WINcard targets. The maximum opportunity is dependent on role. As employees progress into more senior roles, the maximum payment that can be achieved rises to 40%. Approximately 90 executives, including the Executive Directors, are entitled to participate in the Annual Incentive Scheme, with maximum payouts split between cash and deferred shares, ranging from 60% to 167% of base salary.

Approximately 200 employees, including the Executive Directors, are given individual strategic objectives in addition to the profit and WINcard targets mentioned above.

Long Term Incentive Plan

Approximately 50 executives, including the Executive Directors, participate in the LTIP. This scheme is not available to the wider employee population, although the Sharesave scheme provides employees with a form of long-term incentive.

Performance Share Plan

The Remuneration Committee may, in their discretion, permit any person who is an employee of the Company or any of its subsidiaries to participate in the PSP provided that such employee has, in the opinion of the Committee, key responsibility for delivering the arrangements for the demerger.

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. Approximately 45 executives receive between 15% and 20% of basic salary from the Company, which can be allocated to pension or taken as cash. Employees who do not choose to participate may be automatically enrolled with contributions in line with the automatic enrolment regulations.

The policy on pension contributions for Executive Directors is that there is an upper limit for Company contributions of 27.5% of salary. In 2013, the upper limit for new joiners was reduced to 25%. This contribution can be allocated to pension, or taken as cash.

Consideration of shareholder views

In May 2018 we consulted with our largest investors, as well as Glass Lewis, ISS and the Investment Association on the introduction of the new PSP. As a result, changes were made to the PSP structure. The Committee were grateful for the input and insights provided during this consultation and we have listened to a wide range of views in developing the final design. We did not consult with shareholders on any other aspects of the policy, because there have been no significant changes to the remainder of the policy from the 2017/18 policy.

When we created the 2017/18 policy we contacted our twenty largest investors, as well as Glass Lewis, ISS and the Investment Association, in October 2016 to consult on proposed changes to our remuneration policy. The responses received to both consultations were broadly positive and supportive and, as a result, no changes were made to the original proposals although, as a result of shareholder feedback, we have improved our disclosure of targets.

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 17 June 2014 (the date the Company's first shareholder-approved directors' remuneration policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they 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 Remuneration Committee retains the discretion to apply 'good leaver' terms to leavers in respect of the Annual Incentive Scheme, the LTIP and the

PSP. 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 vest in full on the date of leaving and may be exercised within six months. Under the rules of the LTIP and the PSP, the award would vest subject to the satisfaction of performance conditions, at the end of the performance period. The number of shares vesting would be on a pro-rata basis taking account of the proportion of the performance period that the individual had been employed within the Group (unless the Committee determines otherwise). Vested but unexercised awards (including those subject to a holding period) under the PSP are exercisable for six months from the end of the holding period unless in exceptional circumstances the Committee determines that they will be exercisable for six months from the date of termination. On occasions where the Committee exercises this discretion the participant would be expected to continue to meet the shareholding requirement until the award vests and failure to do so would result in the lapsing of the award. No LTIP grants will be made within the last 12 months of employment to any employee who has requested, and been granted, 'good leaver' status.

The Committee set the performance targets for the one-off PSP at this time and will do so on an annual basis for the LTIP and the Annual Incentive Scheme. The Committee may change a performance target from time to time in the event that it considers it fair and reasonable to do so, for example in the case of a demerger. Any change to an existing performance target must not have the effect, in the opinion of the Committee, of making the target materially easier or materially more difficult to achieve than it was when the award was initially granted.

The Chairman and non-executive directors' fees

Although the fees paid to the non-executive directors are not a matter for the Remuneration Committee, non-numerical details are provided in this policy. 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.

The fees are reviewed annually by the 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.

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.

Neither the Chairman nor any of the non-executive directors has a service contract. Non-executive directors have letters of appointment setting out their duties and the time commitment expected of them. Appointments are for an initial term of three years after which they are reviewed and their appointment can be terminated by either party on three-months' written notice. Non-executive directors have no entitlement to compensation on termination. All directors submit themselves for re-election annually. The letters of appointment are available for shareholders to view at the Company's registered office.