

## CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

# A robust governance framework



**ADAM CROZIER**  
CHAIRMAN

**I am pleased to present the Board's report on the Company's compliance with the UK Corporate Governance Code. This year has been extremely busy for Whitbread as we commit to becoming a focused hotel group. The Board is dedicated to ensuring compliance and maintenance of good corporate governance throughout the year.**

**It is fundamental to create a robust corporate governance framework, as this is integral to delivering the Company's strategic priorities and creating long-term value for all stakeholders, from investors to employees. It sets the benchmark for standards which drives us to ensuring Whitbread's culture and values are set from the top.**

### Culture and purpose

Whitbread's culture is underpinned by ensuring that our customers have a great experience, which we call the 'Customer Heartbeat', comprising:

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

This aligns with our purpose of intending to provide sustainable long-term value for our shareholders while delivering a quality and value for money hotel experience to our customers. We aim to follow Whitbread's key values of being genuine, confident and committed to reach our goal of becoming the best budget hotel business in the world. This is accomplished by ensuring our teams are happy and engaged through training and progression opportunities. Also, by continuing to develop our sustainability programme under Force for Good with the intention of enabling everyone to live and work well. The Board assesses and monitors the Company's culture by making regular visits to Whitbread's hotels and restaurants and taking the opportunity to meet and speak to team members.

**Further information on Whitbread's purpose can be found on page 2.**





## An experienced and balanced Board

We are always looking for what skills and experience can be added to the Board. It is part of the Nomination Committee's role to regularly review the structure, size and composition of the Board. This helps ensure there is a balance of skills, knowledge, independence and diversity. The Board was aware that there was a shortage of international hotel experience, which was important for our growing expansion into Germany. We were pleased to welcome Horst Baier as a new independent non-executive director. He has more than two decades' worth of experience in the hospitality sector, with a great understanding of the European market.

## Board evaluation

Last year's Board evaluation highlighted that directors wanted to spend more time out in the business. Following this feedback, Board meetings have been held in Premier Inns, the Support Centre and Germany. This has allowed directors an opportunity to see our operations up close and speak to various different teams throughout the business.

Following the 2019/20 Board evaluation, the Board and its committees have a number of new areas they plan to focus on in the year ahead. These include:

- a further review of succession planning and Board experience, including considering the possibility of increasing our food and beverage and technology experience next time we appoint a new director;
- greater consideration of what our competitors are doing and of external trends that effect our business; and
- more integration of risk discussions in core decision making.

🔗 **Further information on the Board evaluation and areas for focus in the year ahead can be found on page 66.**



## Our stakeholders

The Board has always ensured that it considers the impact of its decisions on all our various stakeholders, but even more so now following the recent focus on s172. It is important to understand the views of our stakeholders in order to build constructive relationships. For example, we consider the views of our wider workforce through the use of the Whitbread Employee Forum which gives our employees an opportunity to shape strategic plans and major decisions.

A consultation was held with our largest shareholders regarding the new remuneration policy to gather their views on our new proposals. We listened carefully to those views, but it was difficult to come up with a solution that would satisfy all investors. In the December general meeting, we received fewer than 80% votes in favour of two resolutions. We receive a wide range of views, some of which were at opposite ends of the spectrum. In the end we adjusted our proposals such that we believed they represented the views of the majority of our investors and also achieved our aims. Against this background, whilst we were pleased that the resolutions comfortably passed, it was not surprising to us that the support for the proposals fell short of 80%. Since the general meeting, we have continued to have a dialogue with our largest shareholders on a range of issues, including remuneration. We will continue to do so and to ensure that our remuneration policy motivates executives to deliver on the Company's strategic priorities.

## Compliance with the Code

In last year's corporate governance report we promised to provide a full update on our compliance with the new 2018 Code, including the new provisions which focused on stakeholder engagement and the Company's purpose and culture. A number of new disclosures required by the Code can be found throughout the various reports in this governance section, with some key points focused on below. With the exception of one provision, which is explained in more detail below, I am pleased to report that we have complied with the Code throughout the 2019/20 financial year. In the pages that follow we have set out how we have applied the principles set out in the Code.

## CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE CONTINUED

The one provision that we cannot report full compliance with this year is the new provision requiring that pension contribution rates for executive directors should be aligned with those available to the workforce. However, we have started taking steps to bring us closer in line. At the general meeting in December 2019, we received approval for our new remuneration policy. The policy reduced the pension contribution of current executive directors by 10% to 15%, and reduced the provision for new executive directors to 10%, which is aligned with the workforce. We also committed to further review these contribution levels at the end of the policy period.

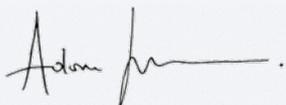
One of the new provisions that directly applied to Whitbread during the year was the expectation that companies would report on resolutions that received 20% or more votes cast against the Board's recommendation. At the general meeting in December 2019, the resolutions to approve the new remuneration policy and the adoption of the Whitbread Restricted Share Plan received 70.46% and 69.82% respectively. Following the general meeting, we included a statement in the results announcement which explained the Board's view on the results, why we believed it was an acceptable outcome, and that we were committed to continuing constructive discussions and engagement with our shareholders. Since then, we have held a round of meetings with major shareholders to understand any continuing concerns, and this has been fed back to the Remuneration Committee and to the Board.

Another of the new provisions which Whitbread has focused on this year is the focus on how the Board has established the Company's purpose and linked it to Whitbread's strategy. You will have seen in the earlier sections of this Annual Report that we have established a strong purpose:

'To provide quality, affordable hotels for our guests to help them live and work well and to positively impact the world around us. With no barriers to entry or limits to ambition, to provide meaningful work, skills and career development opportunities for our teams.'

We have weaved this purpose through our strategic report to demonstrate how it links to both strategy and culture at Whitbread.

It's not just the Code which has brought in new governance requirements this year. The Companies (Miscellaneous Reporting) Regulations 2018 imposed a new obligation on companies of our size - to include a statement in our Annual Report on how the directors have discharged their duty to promote the success of the Company for the benefit of all stakeholders. Further details on this can be found in our Stakeholder Engagement section on pages 44 to 46.



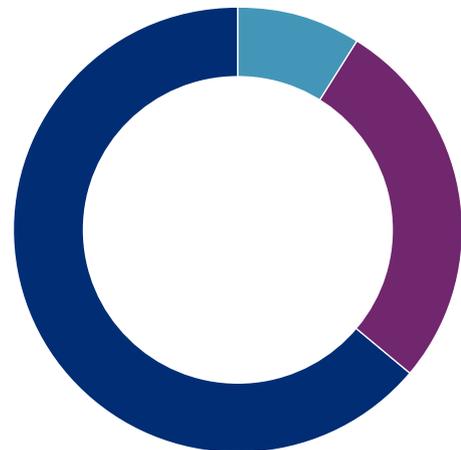
**Adam Crozier**  
Chairman  
21 May 2020

### Board responsibilities

The Board is responsible for the long-term success of the Company and ensures that there are effective controls in place which enable risk to be assessed and managed. All Board members have responsibility for strategy, performance, risk and people.

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

#### Board composition



● Chairman	<b>1</b>
● Executive directors	<b>3</b>
● Non-executive directors	<b>7</b>



### Chairman

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

### Chief Executive

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

### Senior Independent Director

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

### Executive directors

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

### Non-executive directors

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

### Company Secretary

At Whitbread the General Counsel is Company Secretary. The duties performed in the Company Secretary element of his role include:

- Advising the Board on matters of corporate governance and Board procedures
- Arranging and minuting the Board and committee meetings
- Providing support to the Chairman, the Chief Executive and the Board Committee Chairs
- Enabling and supporting communication between Directors and senior management to the Board and Committees

## BOARD OF DIRECTORS

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

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



### ADAM CROZIER

CHAIRMAN



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

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

**Age:** 56

#### Experience:

Adam was Chief Executive of ITV plc from 2010 to 2017. Prior to that, Adam was former Joint Chief Executive of Saatchi & Saatchi, Chief Executive of the Football Association and then Royal Mail Group. From 2017 to March 2020, Adam was Chairman of Vue International, a multi-national cinema company.

#### External appointments:

- ASOS (Non-executive Chairman)
- Great Ormond Street Hospital Discovery Appeal (Trustee)
- Kantar Group (Chairman)



### ALISON BRITTAIN

CHIEF EXECUTIVE

**Date of appointment to the Board:**  
September 2015

**Age:** 55

#### Experience:

Alison joined Whitbread from Lloyds Banking Group, where she was Group Director of the Retail Division, with responsibility for the Lloyds, Halifax and Bank of Scotland retail branch networks, remote/intermediary channels/products and the business banking and wealth businesses. Prior to joining Lloyds Bank, Alison was Executive Director at Santander UK plc. She previously held senior roles at Barclays Bank. Alison was named Business Woman of the Year 2017 in the Veuve Cliquot awards and was awarded a CBE in the 2019 New Year Honours list.

#### External appointments:

- Marks and Spencer Group plc (Non-executive director)
- Prince's Trust Council (Deputy Chair)



### NICHOLAS CADBURY

GROUP FINANCE DIRECTOR

**Date of appointment to the Board:**  
November 2012

**Age:** 54

#### Experience:

Nicholas joined Whitbread in November 2012 as Group Finance Director. He previously worked at Dixons Retail PLC, in a variety of management roles, including Chief Financial Officer from 2008 to 2011. Nicholas also held the position of Chief Financial Officer of Premier Farnell PLC, which he joined in 2011. Nicholas originally qualified as an accountant with Price Waterhouse.

#### External appointments:

- Land Securities Group PLC (Non-executive director)

### Board experience

NUMBER  
OF DIRECTORS

Consumer/retail	5
Travel and hospitality	6
Digital	5
Corporate transformation	6
Legal	1
Financial	8
International	6
Commercial property	3
People	10
Corporate social responsibility	7



### LOUISE SMALLEY

GROUP HR DIRECTOR

**Date of appointment to the Board:**  
November 2012

**Age:** 52

#### Experience:

Louise joined Whitbread in 1995 and has held the position of Group HR Director since 2007. During her time at Whitbread, Louise has held a variety of HR roles across the Whitbread businesses, including HR Director of David Lloyd Leisure and Whitbread Hotels & Restaurants. She previously worked in the oil industry, with BP and Esso Petroleum.

#### External appointments:

- DS Smith Plc (Non-executive director)



### RICHARD GILLINGWATER

SENIOR INDEPENDENT DIRECTOR



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

**Age:** 63

#### Experience:

Richard is Chairman of both Janus Henderson plc and SSE plc, and serves as a Governor to the Wellcome Trust. Richard is a highly experienced executive and has spent much of his career in corporate finance and investment banking with Kleinwort Benson, BZW and Credit Suisse First Boston, before he moved out of banking and became Chief Executive of the Shareholder Executive, and then Dean of Cass Business School.

#### External appointments:

- Janus Henderson plc (Chairman)
- SSE plc (Chairman)
- The Wellcome Trust (Chair of the Investment Committee)

(A) Audit committee (N) Nomination committee (R) Remuneration committee

● Chairman ○ Committee member



### CHRIS KENNEDY

(A) (N)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

**Age:** 56

#### Experience:

Chris is Chief Financial Officer of ITV plc, which he joined in February 2019. Prior to this, Chris held roles with Micro Focus International plc, ARM Holdings plc, and easyJet plc, having previously spent 17 years in a variety of senior roles at EMI.

#### External appointments:

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



### DEANNA OPPENHEIMER

(N) (R)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

**Age:** 62

#### Experience:

Deanna spent over 25 years in a number of senior roles in banking at both Barclays Bank PLC and Washington Mutual Inc., where she ran retail banking across leading national branch franchises in the UK and US. Since 2012, through her family's hospitality business, she invests in boutique hotels in the western US.

#### External appointments:

- Hargreaves Lansdown plc (Non-Executive Chair)
- CameoWorks (Founder)
- J&A Mentoring Partners (Mentor)
- Tesco PLC (Senior Independent Director)



### DAVID ATKINS

(A) (N) (R)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

**Age:** 54

#### Experience:

David is Chief Executive of Hammerson plc, former Chairman and Executive Board member of the European Public Real Estate Association (EPRA) and past President and a former committee member of Revo (formerly BCSC).

#### External appointments:

- Hammerson plc (Chief Executive)
- British Property Federation (Committee Member)
- Reading Real Estate Foundation (Director and Trustee)



### FRANK FISKERS

(R) (A) (N)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

**Age:** 58

#### Experience:

Frank is a highly experienced executive with a solid background in the global hospitality industry. He has held senior roles with The Radisson Hotel Group, Hilton Hotels Worldwide and was CEO of Scandic Hotels for eight years, taking the company public in 2015.

#### External appointments:

- Shurgard Self Storage SA (Non-Executive Director)
- EQT (Industrial Adviser)
- RAK Hospitality Holding LLC (Non-Executive Director)



### SUSAN TAYLOR MARTIN

(A) (N)

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Date of appointment to the Board:**  
January 2012

**Age:** 56

#### Experience:

Susan is the former President of Thomson Reuters Legal. She has held a number of roles at Thomson Reuters, including Managing Director Legal UK and Ireland, President Thomson Reuters Media and President Global Investment Focus Accounts. Prior to this she was Global Head of Corporate Strategy Reuters, which she joined in 1993.

#### External appointments:

- None



### HORST BAIER

(A) (N)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

**Age:** 63

#### Experience:

Horst is a highly experienced executive with more than 20 years' background in the leisure industry. He was for eight years the Chief Financial Officer of TUI AG, the London-listed Anglo-German leisure travel group until the end of September 2018. During his time as Board Member of TUI AG, Horst played an important role in TUI's transformation from a tour operator to a global provider of holidays operating 380 leisure hotels and 17 cruise ships.

#### External appointments:

- Bayer AG (Member of the Supervisory Board)
- DIAKOVERE gGmbH (Member of the Supervisory Board)
- Ecclesia Holding GmbH (Member of the Supervisory Board)
- Hotel San Francisco S.A. (Consultant)
- Riu Family (Consultant)

## EXECUTIVE COMMITTEE



**ALISON BRITTAIN**  
CHIEF EXECUTIVE



**NICHOLAS CADBURY**  
GROUP FINANCE DIRECTOR



**LOUISE SMALLEY**  
GROUP HR DIRECTOR



**CHRIS VAUGHAN**  
GENERAL COUNSEL



**SIMON JONES**  
MANAGING DIRECTOR, PREMIER INN  
AND RESTAURANTS UK



**NIGEL JONES**  
GROUP OPERATIONS AND  
TRANSFORMATION DIRECTOR



**SIMON EWINS**  
MANAGING DIRECTOR, PREMIER INN



**PHIL BIRBECK**  
MANAGING DIRECTOR, RESTAURANTS



**MARK ANDERSON**  
MANAGING DIRECTOR, PROPERTY AND  
INTERNATIONAL

**The Executive Committee meets on a fortnightly basis and is chaired by Alison Brittain**

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

The Committee's responsibilities include:

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

Nigel Jones is responsible for managing Whitbread's supply chain and leading the overall Whitbread transformation plan.

Mark Anderson has led the property function since 2008 and is responsible for Premier Inn Germany.

Simon Jones has led on key initiatives such as product development, network planning, pricing and marketing.

Simon Ewins and Phil Birbeck joined the Executive Committee in October 2018. Simon and Phil have accountability for Whitbread's largest UK businesses and represent a very large proportion of the Whitbread workforce.

Chris Vaughan has been General Counsel since joining the Company at the end of 2015.

Biographical details for Alison Brittain, Nicholas Cadbury and Louise Smalley can be found on page 62.

## CORPORATE GOVERNANCE

### Board activities during the year

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

The Board has a rolling forward agenda which sets matters to be considered throughout the year ahead. Two strategy days are held each year. Following these sessions, the Board agrees the significant topics to be discussed at its meetings during the year. The rolling agenda is then updated to ensure that there is a structured approach to the consideration of topics and that recurring issues are evenly spread across the calendar. The Board gives its attention to each area of the business in turn so that a strong understanding of the entire Company is maintained. The rolling agenda is regularly reviewed and updated and is circulated as part of the General Counsel's report before each meeting.

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

At the meetings during the year, the Board discharged its responsibilities and considered a range of matters as shown in the table at the bottom of this page.

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

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

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

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

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



### BOARD AGENDA 2019/20

#### STANDING AGENDA ITEMS

- Chief Executive's report
- Group Finance Director's report
- Health and safety report (quarterly)
- General Counsel's report
- HR Director's report
- Approval of capital projects
- KPI pack

#### Q1

- Approval of year-end documentation and dividend review
- Risk management overview
- External Board evaluation
- Premier Inn performance review
- Year-end announcement
- Review of principal risks

#### Q2

- Property and capital structure update
- Talent and succession
- Remuneration consultation progress update
- Group transformation

#### Q3

- 2019/20 Interim Results and approval of interim dividend
- Pensions
- Post completion investment review
- Background to food and beverage strategy
- Risk management
- Health and safety

#### Q4

- Background to food and beverage strategy
- Risk management - risk appetite
- 2020/21 budget
- COVID-19 response

## CORPORATE GOVERNANCE CONTINUED

### Board performance evaluation

An evaluation of the Board, its committees, individual directors and the Chairman is carried out each year. An externally facilitated Board evaluation was carried out by Ffion Hague on behalf of Independent Board Evaluation in 2019, so this year's evaluation was carried out internally. The next externally facilitated Board evaluation will be at the end of the 2021/22 financial year.

### Board and Committee review cycle



### 2018/19 external evaluation

The external evaluation last year highlighted the following areas:

Areas identified for improvement	Progress made in 2019/20
A programme of activity for the Nomination Committee, and then the full Board, to review Board composition and succession	This was done progressively through the last year, both at the full Board and at a Nomination Committee meeting in October
Prioritise locations for meetings out of London in order to allow more visibility of the wider business	Through the year the Board held meetings at Whitbread Court and Chiswell Court in Dunstable, the Banbury Premier Inn and in Germany. Site visits have been arranged, meetings have taken place with local management teams, and there have been opportunities to stay in Premier Inns and eat in Whitbread restaurants
Create more opportunities for Board members to meet a tier of management below the Executive Committee	The Board's visit to Germany in January allowed for opportunities to meet members of the German executive team, and a number of senior leaders have joined Board meetings through the year to present on different topics, e.g. pensions, risk, health and safety, operational performance, commercial, and construction
The development of a plan of tailored induction and training on business and customer issues	A training and brand familiarisation plan was presented to the Board at the beginning of last year, and included training sessions throughout the year on different topics, including Premier Inn Commercial, Restaurant Operations and Germany Premier Inn acquisitions
Greater focus to be given to the operational performance of Premier Inn	The KPI pack has been revised, and deep dives into operational performance have been scheduled regularly

### 2019/20 internal review

#### Method

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

#### Recommendations

The review, combined with the benchmarking data, found that the Board is operating effectively

with a strong culture of trust and openness, has been able to develop strategy agreed by the whole Board through successful strategy days, has a wide variety of skills around the Board table, and has made good progress on the points raised in the previous evaluation.

The review did also identify some opportunities for improvement in the year ahead, including the following:

- Board agendas - consider reducing the number of items to allow for detailed discussions on all topics
- Succession planning and Board experience - review succession plans for Chief Executive, and consider non-executive directors with specific food and beverage and technology experience in the future
- External trends and competition
  - receive more updates on what competitors are doing and more consideration of external trends
- Link between technology and strategy - improve the Board's knowledge on technology and the associated risks, and more alignment of technology with the Company's strategy

- Risk management - integrate risk discussions with core decision making more, and improve the Board's understanding of risks in relation to major initiatives and how they will be managed
- Remuneration - greater monitoring of performance against targets through the year, and consider further ways to engage with the workforce on remuneration matters

We will report our progress on these points in the 2020/21 Annual Report.

#### Individual directors

The Chairman has one-to-one meetings with all directors to discuss their performance and to identify whether they continue to contribute effectively to the Board and demonstrate commitment to the role.

#### Chairman

The Senior Independent Director meets with the non-executive directors without the Chairman present to discuss the performance of the Chairman. The Senior Independent Director also speaks with the executive directors to gain their views before discussing the results with the Chairman.

## Board meetings and attendance

The Board generally holds regular scheduled meetings during the year and on an ad hoc basis as and when required. During the year, eight Board meetings and calls were held and attendance at meetings by the directors is set out below.

Members of the executive team attended Board and committee meetings as appropriate.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Atkins <sup>1</sup>	8/8	4/5	4/4	7/8
Horst Baier	2/2	1/1	1/1	-
Alison Brittain	8/8	-	-	-
Nicholas Cadbury	8/8	-	-	-
Adam Crozier	8/8	-	3/3	8/8
Frank Fiskers <sup>2</sup>	8/8	5/5	3/3	4/5
Richard Gillingwater	8/8	-	3/3	8/8
Chris Kennedy	8/8	5/5	3/3	-
Susan Taylor Martin <sup>3</sup>	7/8	5/5	3/3	-
Deanna Oppenheimer	8/8	-	3/3	8/8
Louise Smalley	8/8	-	-	-

1 Both the Board meeting and the Remuneration Committee meeting that David Atkins could not attend were unscheduled meetings/calls which conflicted with a pre-arranged meeting elsewhere.

2 The one Remuneration Committee meeting Frank Fiskers could not attend was an unscheduled call which conflicted with a pre-arranged meeting elsewhere.

3 The one meeting Susan Taylor Martin could not attend was due to a date and time change which conflicted with a pre-arranged meeting elsewhere.

## Insurance cover

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

## Board and committees

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

During the year, there have been a number of changes to the Board. Horst Baier was appointed to the Board on 1 November 2019 as independent non-executive director, and joined the Audit Committee and the Nomination Committee. Frank Fiskers was appointed as Chair of the Remuneration Committee in January 2020. Details of the appointment procedures can be found in the report of the Nomination Committee on pages 74 to 75.

## Commitment

During the year all directors, including the non-executive directors, committed significant time to the Company in accordance with the requirements specified in their service contracts and letters of appointment. On behalf of the Board, the Nomination Committee has reviewed

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

## Training and development

Directors attend external training events to update their skills and knowledge. Training was undertaken by Board members during the year on a range of issues, including:

- UK Corporate Governance Code 2018;
- Finance and the Market;
- Investor Perspectives; and
- Environmental Risks.

Investor relations and market updates were presented to the Board, together with regular updates from the business. 'Deep dive' sessions were also held on certain issues to improve knowledge, including:

- Cyber security;
- Director duties and responsibilities;
- Security and IT essentials;
- Diversity and inclusion; and
- Commercial strategies and tactics.

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

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

## Induction process

On appointment, all directors receive a full and formal induction that is tailored to their specific needs. They also meet with senior leaders from across Whitbread and go on site visits to get a better understanding of the business.

## Length of tenure of directors (years)

David Atkins	3.2
Horst Baier	0.4
Alison Brittain	4.5
Nicholas Cadbury	7.4
Adam Crozier	2.1
Richard Gillingwater	1.8
Frank Fiskers	1.1
Chris Kennedy	4.0
Deanna Oppenheimer	3.2
Louise Smalley	7.4
Susan Taylor Martin	8.2

## CORPORATE GOVERNANCE CONTINUED

After Horst joined in November 2019, he met with a variety of senior leaders across the business, and visited various Whitbread sites across the UK and Germany, including Premier Inns, hub by Premier Inn and Bar+Block.

### Conflicts of interest

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

These are assessed by the Board to determine whether the director's ability to act in the best interests of the Company could be compromised. If there are no such potential or actual conflicts, the external interests are authorised by the Board. All authorisations are for a period of 12 months. No director is counted as part of a quorum in respect of the authorisation of his or her own conflict.

It is recognised that all organisations are potential customers of Whitbread and, in view of this, the Board authorises all directors' current external directorships.

### Privacy

Our data protection policies, guidelines and processes set a globally applicable privacy and security standard for the Company and regulate the sharing of information both internally and externally. During the year, various privacy enhancements were made to business processes and systems to ensure the requirements of the General Data Protection Regulation (GDPR) were met. Our data protection steering group will continue to drive awareness and monitor GDPR compliance through ongoing training and governance.

### Anti-corruption and anti-bribery

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

### Shareholder relations

In accordance with the Code, the Board recognises that it has responsibility for ensuring that a satisfactory dialogue with shareholders takes place and any major shareholders' issues and concerns are communicated to the Board through the Chairman.

The Company communicates with both the institutional and private shareholders through a number of different means. Further information on shareholder engagement can be found on page 45.

### The annual general meeting

The AGM provides all shareholders with the opportunity to communicate directly with the Board, which under normal circumstance encourages their participation at the meeting.

Unfortunately, due to the current COVID-19 pandemic, it will be impossible to hold a normal AGM and shareholders will not therefore be able to attend the meeting.

In accordance with the Code, the notice of AGM and related papers are usually sent to shareholders at least 20 working days before the meeting, although that might not prove possible this year. The Company proposes a separate resolution on each substantially separate issue including a specific resolution to approve the Annual Report and Accounts. For each resolution, proxy appointment forms provide shareholders with the option to vote in advance of the AGM. All valid proxy votes received for the AGM are properly recorded and counted by Whitbread's registrars.

### Share capital

The information that is required by DTR 7.2.6 relating to the share capital of the Company can be found within the directors' report on pages 103 to 105.

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

As required by the Code, the directors confirm their responsibility for preparing the Annual Report and Accounts and consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further detail on how this conclusion was reached can be found in the report of the Audit Committee on pages 70 to 73.

### Going concern

The directors' going concern statement can be found in the directors' report on page 107.

### Viability statement

The viability statement can be found on page 54.

### Business model and strategy

Information on the Group's business model and the strategy for delivering the objectives of the Company can be found on pages 14 to 15.

### Board committees

The Board is supported by three committees; the Audit Committee, the Nomination Committee and the Remuneration Committee. Their terms of reference are reviewed regularly and updated in line with best practice. They are available in full on the Company's website at [www.whitbread.co.uk](http://www.whitbread.co.uk). A detailed report from the Chairman of the Remuneration Committee is set out on pages 76 to 97. Reports for the Audit and Nomination Committees can be found on pages 70 to 75.

## Accountability and internal control

### Internal control and risk management

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

The Board has established an ongoing process for identifying, evaluating and managing the Group's principal risks. This process was in place throughout the 2019/20 financial year and up to the date of this report. The process is reviewed by the Board and accords with the internal control guidance for directors in the Code. A report of the principal risks, together with the viability statement, can be found on pages 54 to 57.

### Risk analysis

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

### Controls

- The Company reviews and confirms its level of compliance with the Code on an annual basis.
- The matters reserved to the Board require that major projects and programmes must have specific Board approval.
- Limits of delegation and authority are prescribed to ensure that the appropriate approvals are obtained if Board authority is not required to ensure appropriate segregation of tasks.
- Group financial policies, controls and procedures are in place and are regularly reviewed and updated.
- The Whitbread code of conduct, setting out required levels of ethics and behaviour, is communicated to employees and training is provided. An externally hosted whistleblowing system is also available.
- The code of conduct makes reference to specific policies and procedures which have to be followed.
- Employees are required to undertake tailored training on risk areas including IS security, data protection, anti-bribery and anti-trust law.

- Management is responsible for ensuring the appropriate maintenance of financial records and processes that ensure that financial information is relevant, reliable, in accordance with applicable laws and regulations and is distributed both internally and externally in a timely manner.
- A review of the financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected.
- All financial information published by the Group is subject to the approval of the Audit Committee and the Board.
- An annual review of internal controls is undertaken by the Board with the assistance of the Audit Committee.

### Assurance

- The Audit Committee approves the audit programme which ensures that the significant areas of risk identified are monitored and reviewed.
- The programme and the results of the audits are regularly assessed during the year.
- The Audit Committee reviews the major findings from both internal and external audits.
- Internal audits are carried out under the control of the Director of Internal Audit. The reports are reviewed by the Audit Committee and, on a monthly basis, by the Executive Committee to ensure that the actions required to address issues identified are implemented.
- The Director of Internal Audit reports annually to the Audit Committee on the effectiveness of operational and financial controls across the Group.
- Deloitte LLP, the Company's external auditor, reviews and reports on the significant issues identified in its audit report.
- An internal control evaluation process is overseen by the management team which assesses the level of compliance with the controls, policies and processes and the results are reviewed and tested on a sample basis by the internal audit team.
- Post-completion reviews of major projects and investments are carried out and reported on to the Board.