

Remuneration report

We believe that remuneration should be aligned directly with the strategy and plans of the business and that executives should be paid fairly, incentivised to achieve outstanding results and rewarded for doing so. All targets should be appropriately stretching.



Deanna Oppenheimer
Chair, Remuneration Committee

Underlying profit before tax†

£591m

+4.5%

2017/18	£591m
2016/17	£565m

Group return on capital†

15.4%

+20bps

2017/18	15.4%
2016/17	15.2%

Underlying basic EPS†

260p

+5.6%

2017/18	260p
2016/17	246p

† Definitions of all APMs are included in the glossary on page 167.

This time last year we submitted an updated remuneration policy to shareholders for approval at our AGM in June and I was delighted that the policy received overwhelming support, with over 98% of votes cast in favour of the resolution. I would like to thank shareholders for their support at the AGM and also thank those investors and stakeholders who engaged with us as we developed the policy.

The policy was developed with the aim of aligning remuneration with Whitbread's strategy and business plans and was designed to underpin the Company's long-term profitability and improving our stakeholder return. During 2017/18 the Committee's focus has been on ensuring that the policy was effectively implemented and that it is working to support Whitbread's strategy.

I would like to welcome Adam Crozier and David Atkins to the Committee and look forward to working with them.

Rewards linked to performance

The Committee remains aware of Whitbread's responsibility to all of its stakeholders and is cognisant of the continued, and increasing, focus on executive remuneration. These factors must be balanced with the need to attract and retain high-calibre executives with appropriate experience.

This balance is best demonstrated by comparing our annual performance to rewards under the Annual Incentive Scheme. The last year has seen a challenging trading environment as well as an uncertain political and economic climate. Against this backdrop Whitbread has still been able to deliver good results, with underlying profit before tax up by 4.5% and return on capital up by 20 basis points to 15.4%. This performance, together with some very positive progress against the Group's three strategic priorities, has led to incentive payments to the executive

directors being between 61.7% and 64.1% of maximum. More information on rewards under the Annual Incentive Scheme can be found on pages 79 to 81.

The Committee believes that the executives have received fair and proportionate rewards for a good level of performance in the year and a good level of progress towards Whitbread's longer-term strategic aims. This is one example of how the new policy is working effectively.

During the year, the Committee has considered the awards due to vest under the 2015 and 2016 LTIP in the light of a strategic decision taken by the Board to undertake sale and leaseback transactions. The awards made under the Long Term Incentive Plan in 2015 have vested at 38.3% of maximum and are subject to a two-year holding period. Further details can be found on page 82.

Transparent reporting

The transparency of our reporting remained a priority for our shareholders last year and I am very keen to ensure that we report transparently on the operation of Whitbread's remuneration policy and to demonstrate that payments and awards made to executives are fair and reasonable. To this end, we made some enhancements to last year's report and have again looked to improve our disclosure this year. In particular, we have included a new 'At a glance' section, which can be found on pages 71 and 75.

Corporate governance

There has been a lot of activity in terms of changes and proposed changes to UK governance requirements and some of these changes are linked to remuneration. Whitbread has recently published its gender pay gap and further details on this can be found on page 13.

The FRC has recently conducted a consultation on the UK Corporate Governance Code. At the time of writing, the results of the consultation are not known. Based on the original proposals, there are some areas relating to remuneration, both in terms of the remit of remuneration committees and to disclosure. Once the revised corporate governance code has been published, we will take steps to ensure that we comply with it and I anticipate that this will be one of the areas of focus for the Committee during the year ahead.

The year ahead

Further to the announcement about the future restructuring of the Group, the Committee believes that the current

approved remuneration policy, and in particular the Long Term Incentive Plan, will no longer be appropriate. Given the complexity of managing the demerger, it will be necessary to put in place a long-term incentive arrangement which will retain and incentivise executives to execute the strategy effectively, and to protect and create shareholder value over this critical period.

We will be consulting with our major shareholders over the next few weeks on proposals for a new long-term incentive plan, and we will be asking shareholders to approve a revised Directors' Remuneration Policy as soon as practically possible. In the event that the revised Policy is approved by shareholders the 2018 LTIP awards,

which will be made under the current policy, will be substituted with awards under the new arrangements.

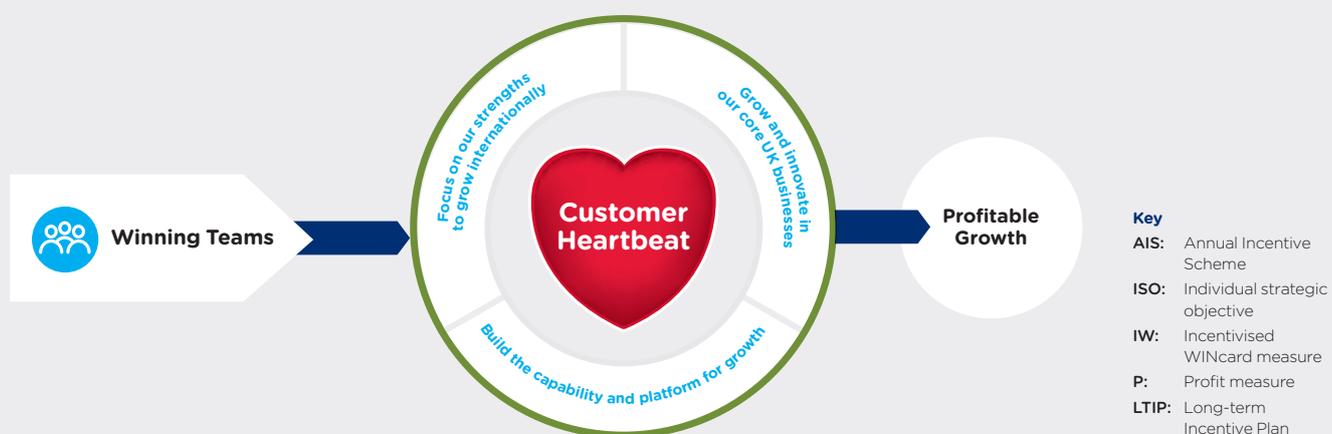
I very much welcome engagement with Whitbread's investors and look forward to meeting shareholders at the AGM in June.



Deanna Oppenheimer
Chair, Remuneration Committee
24 April 2018

The statement above, the summary of the remuneration policy and the annual report on remuneration form the directors' remuneration report, which was approved by the Board and signed on its behalf by Deanna Oppenheimer on 24 April 2018.

2017/18 remuneration linkage to strategy



Grow and innovate in our core UK businesses	Focus on our strengths to grow internationally	Build the capability and platform for growth	Winning Teams	Customer Heartbeat	Profitable Growth
<ul style="list-style-type: none"> Premier Inn room growth (AIS-ISO) Costa store growth (AIS-ISO) Costa Express machine installations (AIS-ISO) Effective workforce planning (AIS-ISO) 	<ul style="list-style-type: none"> Increase German hotel pipeline (AIS-ISO) Establish growth platform for Costa China (AIS-ISO) 	<ul style="list-style-type: none"> Delivery of cost savings (AIS-ISO) Implementation of more efficient processes and systems (AIS-ISO) 	<ul style="list-style-type: none"> Operational team retention (AIS-IW) YourSay results (AIS-ISO) 	<ul style="list-style-type: none"> Premier Inn brand health (AIS-IW) Costa net recommend (AIS-IW) Restaurants net recommend (AIS-IW) 	<ul style="list-style-type: none"> Group profit (AIS - P) Like for like sales growth (AIS-ISO) EPS growth (LTIP) Return on capital (LTIP)

Remuneration at a glance

Business performance

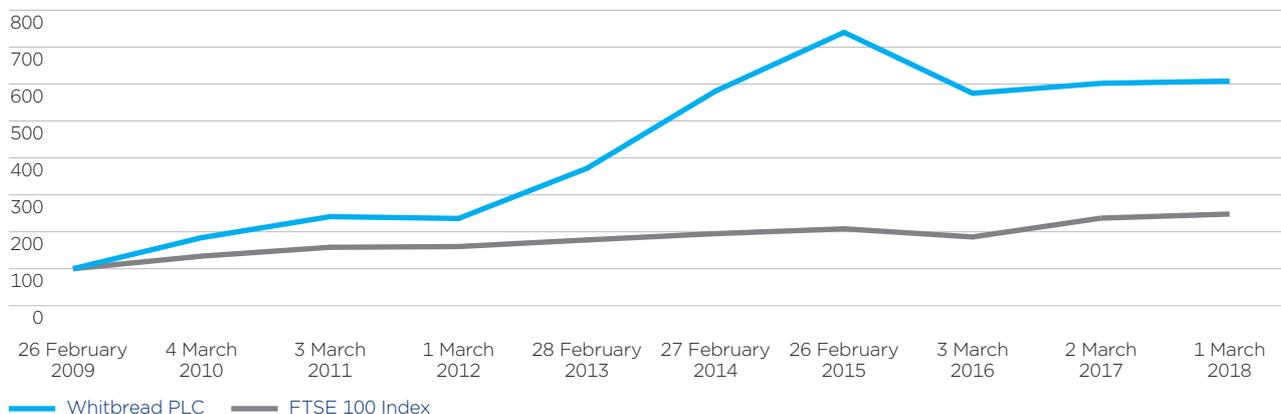
Financial measures

Underlying profit before tax[†] 
4.5%
 to £591 million

Underlying basic EPS[†] 
5.6%
 to 260p

Return on capital 
15.4%
 up by 20bps

Total shareholder return



The corresponding chart looks at the value over eight years of £100 invested in Whitbread PLC on 26 February 2009 compared, on a consistent basis, with that of £100 invested in the FTSE 100 index based on 30 trading day average values. The FTSE 100 has been selected by the Committee as an appropriate comparator group due to Whitbread's position within the FTSE 100.

Source: Thomson Reuters Datastream

Team and customer measures



Operational team retention



Restaurants net recommend



Health and safety



Premier Inn Brand health



Costa net recommend

In most cases the colours represent the following:

-  A green WINcard score is achieved where the performance is better than both previous year and target.
-  An amber score is for performance which is better than the prior year, but below target.
-  A red score is for a result below the previous year and target.

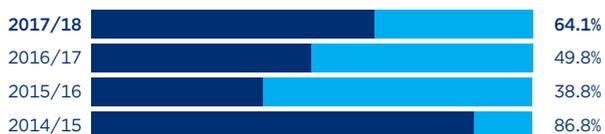
Operational team retention measures the proportion of employed team members retained over a three-month period taken throughout the financial year. The customer measures for Premier Inn, Costa and Restaurants are all on a net basis, with negative scores subtracted from positive scores. For Premier Inn this is based on the YouGov BrandIndex and for Costa and Restaurants this is based on our customer surveys. The health and safety measure is based on the proportion of sites passing independent audits.

[†] Definitions of all APMs are included in the glossary on page 167.

Performance outcomes

Annual Incentive Scheme

% of maximum for Chief Executive



Long Term Incentive Plan

% of awards vesting



Remuneration outcomes

Alison Brittain

Chief Executive

Total remuneration

£'000



¹ Remuneration for part of the year

Share ownership

Shares
20,900

% of salary
127

Vested, but unexercised,
share awards
22,889²

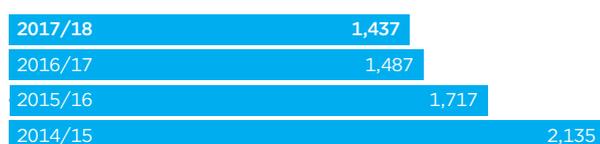
Meeting requirement?³
✓

Nicholas Cadbury

Group Finance Director

Total remuneration

£'000



Share ownership

Shares
29,100

% of salary
215

Vested, but unexercised,
share awards
18,455²

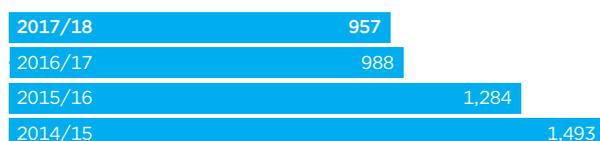
Meeting requirement?³
✓

Louise Smalley

Group HR Director

Total remuneration

£'000



Share ownership

Shares
41,236

% of salary
420

Vested, but unexercised,
share awards
12,429²

Meeting requirement?³
✓

² These awards do not count towards meeting the shareholding requirement.
³ Details of shareholding requirements can be found on page 83.

Remuneration policy

Introduction

The Company’s remuneration policy was approved at the 2017 AGM and was implemented over the 2017/18 financial year. We will be reviewing this policy over the coming weeks in light of our recently announced plans to restructure the Group, and will be consulting shareholders on a revised policy.

For executives, our approach is designed 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.

The policy table below is an extract from the approved remuneration policy and provides 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. The full remuneration policy is available on the Company’s website: www.whitbread.co.uk.

Policy table

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Base salary	<ul style="list-style-type: none"> • Base salaries are set to be sufficient to attract and retain the calibre of executive talent needed to support the long-term interests of the business. 	<p>Salaries are reviewed annually taking account of:</p> <ul style="list-style-type: none"> • the salary review across the Group; • trading circumstances; • personal performance, including against agreed objectives; and • market data for an appropriate comparator group of companies. 	<ul style="list-style-type: none"> • Annual salary increases would normally be in line with the average increases for employees in other appropriate parts of the Group. • On occasion, increases may be larger where the Committee considers this to be necessary. Circumstances where this may apply include growth into a role, to reflect a change in scope of role and responsibilities, where market conditions indicate a level of under-competitiveness and the Committee judges that there is a risk in relation to attracting or retaining executives. • Where the Committee exercises its discretion to award 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. 	<ul style="list-style-type: none"> • None
Benefits	<ul style="list-style-type: none"> • Benefits are intended to be competitive in the market so as to assist the recruitment and retention of executives. 	<ul style="list-style-type: none"> • Executive directors are entitled to benefits relating to car, healthcare and 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-imburement of expenses for temporary accommodation, travel and legal financial assistance. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • None

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual Incentive Scheme	<ul style="list-style-type: none"> To provide a direct link between annual performance and reward. To incentivise the achievement of outstanding results across appropriate key stakeholder measures. To align with the long-term interests of shareholders and help participants build a significant stake in the business over time, by awarding a material part of the annual incentive in deferred equity. 	<ul style="list-style-type: none"> Targets for measures 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. 	<ul style="list-style-type: none"> 167% of base salary (up to 50% of maximum paid in cash and up to 50% of maximum paid in deferred shares). 	<ul style="list-style-type: none"> 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 retains the discretion 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. 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Awards made annually in shares. Awards vest after three years subject to performance conditions. Two-year holding period post-vesting. Dividend equivalents may be provided on vested shares during a holding period. Subject to clawback and malus provisions. 	<ul style="list-style-type: none"> Annual awards to a maximum of 200% of base salary. 	<ul style="list-style-type: none"> Vesting is based on equally weighted and independently measured three-year EPS and ROCE performance. For threshold performance, 20% of the award will vest; for maximum performance, 100% of the award will vest. The Committee retains the discretion to 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.
Sharesave Scheme	<ul style="list-style-type: none"> To encourage long-term shareholding in the Company. 	<ul style="list-style-type: none"> Annual invitation to all employees, including the executive directors. Option price calculated by reference to the market price discounted by 20% on the invitation date. Options granted over a three and/or five-year period. 	<ul style="list-style-type: none"> Consistent with prevailing HMRC limits, currently savings limited to £500 per month. 	<ul style="list-style-type: none"> None
Pension	<ul style="list-style-type: none"> Pension benefits are provided in order to offer a market competitive remuneration package that is sufficient to attract and retain executive talent. 	<ul style="list-style-type: none"> Executive directors are entitled to participate in the Company's pension scheme (or other pension arrangements relevant to their location if based overseas). Defined contribution scheme. Can elect for cash in lieu of pension contributions. If cash is taken, the amount is reduced by the value of the employer's national insurance liability. 	<ul style="list-style-type: none"> 27.5% of base salary (up to 25% for new joiners). 	<ul style="list-style-type: none"> None

Annual report on remuneration

Remuneration Committee – membership

Name of director	Meetings attended and eligible to attend
Deanna Oppenheimer (Chair)	6/6
David Atkins ¹	0/0
Richard Baker ²	6/6
Adam Crozier ¹	5/5
Sir Ian Cheshire ²	4/4
Stephen Williams ²	3/3

¹ Adam Crozier and David Atkins joined the Committee on 1 April 2017 and 1 March 2018 respectively.

² Stephen Williams, Sir Ian Cheshire and Richard Baker stepped down from the Committee on 21 June 2017, 21 September 2017 and 28 February 2018 respectively.

Key duties

Full terms of reference are available on the Company's website (www.whitbread.co.uk) and a summary of the key duties is set out below.

Remuneration Committee – responsibilities

- Set the broad policy for the remuneration of the Chairman and the executive directors.
- Within the terms of the agreed policy, to determine the total individual remuneration package (including incentive payments, share awards and other benefits) of the Chairman and each executive director.
- Monitor the structure and level of remuneration of Executive Committee members.
- Approve the design of, and determine the targets for, incentive schemes.
- Approve awards to be made to executive directors and other senior executives under incentive schemes.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Remuneration Committee – advisers

Internal advisers

Chris Vaughan – General Counsel and Secretary to the Committee

Ruth Hutchison – Group Reward Director

External advisers

PwC, one of the founding members of the Remuneration Consultants Code of Conduct, was appointed remuneration consultant by the Committee with effect from September 2017 following a rigorous tender process and adheres to this code in its dealings with the Committee. PwC also provides international tax advice to the Group. Fees paid to PwC in respect of advice received by the Committee amounted to £79,700. These fees were charged on a time and material basis. Prior to the appointment of PwC, Willis Towers Watson, also a founding member of the Remuneration Consultants Code of Conduct, acted as remuneration consultant to the Committee. A separate part of Willis Towers Watson provided investment advice and actuarial services in relation to the pension fund and insurance broking services to the Group. Fees paid to Willis Towers Watson in respect of advice received by the Committee amounted to £84,390. These fees were charged on a time and material basis.

The Committee is satisfied that the advice received is independent and objective. The Committee is comfortable that the PwC engagement partner and team that provides remuneration advice to the Committee do not have connections with the Company that may impair their independence.

Remuneration Committee agenda – 2017/18

- Approval of Annual Incentive Scheme and targets for 2017/18.
- Approval of awards of cash and deferred shares to executive directors under the Annual Incentive Scheme.
- Executive directors' salary review.
- Approval of 2017 LTIP awards.
- Confirmation of the performance conditions for the 2017 LTIP awards. Confirmation of the vesting percentages for the LTIP award made in 2014 and vesting in 2017.
- Approval of the 2017 remuneration report.
- Remuneration policy review.
- Committee effectiveness evaluation.
- Appointment of PwC as new adviser.
- Assessment of vesting calculations for 2015 and 2016 LTIPs.
- Review of the terms of reference.

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

Director	Basic salary		Benefits		Annual Incentive Scheme		LTIP		Pension		Total	
	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000
Alison Brittain	808	792	22	22	869	638	435	859	202	198	2,336	2,509
Nicholas Cadbury	549	532	22	22	578	422	168	394	120	117	1,437	1,487
Louise Smalley	363	355	19	19	375	279	118	257	82	78	957	988

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

Base salary

Annual salary increases across the Group are effective from 1 May each year. The base salary numbers shown in the table therefore include two months' pay based on the director's salary from 1 May 2016 and ten months' pay based on the director's salary from 1 May 2017.

Benefits

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

Annual Incentive Scheme

The Annual Incentive Scheme payments shown above include both a cash payment to be made in May 2018 and deferred shares to be issued in April 2018. The awards were calculated as described below.

Awards based on profit measure (50% of total award)

Threshold	Target	Max
£591m (99.43% of target)		
£564.3m	£594.0m	£653.4m

Director	Total % of salary ¹
Alison Brittain	39.60
2016/17	61.50
Nicholas Cadbury	39.60
2016/17	61.50
Louise Smalley	39.60
2016/17	61.50

1 The year-on-year change is largely driven by a change in the Annual Incentive Scheme structure, as approved by shareholders at the 2017 AGM, with a reduction in the maximum percentage of salary linked to profit performance.

Awards based on WINcard (25% of total award)

The incentivised WINcard targets for 2017/18, together with the results, are shown below. Only half of the maximum reward was payable based on a green result, with higher rewards available for stretch or excel performance above target.

WINcard measure	Green Target	Result	Performance	Maximum opportunity % of salary	Outcome % of salary
Operational team retention	88.45%	88.75%	🟢 Stretch	20.50	15.00
Total Winning Teams				20.50	15.00
Premier Inn brand health (YouGov BrandIndex)	32.1	32.7	🟢 Stretch	6.83	5.00
Restaurants total guest net promoter score	47.0	51.6	🟢 Excel	6.83	6.83
Costa Listen & Learn	50.3	49.3	🟡	6.83	1.67
Total Customer Heartbeat				20.50	13.50
Total 2017/18				41.00	28.50

More information on how these measures are calculated can be found on page 74. As a result, the awards to be made based on WINcard measures are as follows:

Director	Total % of salary
Alison Brittain	28.50
2016/17	18.80
Nicholas Cadbury	28.50
2016/17	16.80
Louise Smalley	28.50
2016/17	16.80

Annual report on remuneration continued

Awards based on individual strategic objectives (25% of total award)

Last year we explained that each of the executive directors would have individual strategic objectives and that 25% of the maximum incentive opportunity would be linked to performance against these objectives. A summary of each of the executive directors' performance, together with the incentive outcomes is shown in the table below.

✓ indicates that the objective was achieved, ✓ indicates that it was partially achieved and ✗ shows that the objective was not achieved.

Objectives	Achievement	Outcome
Alison Brittain		
Continue to grow and innovate the core UK businesses, within agreed financial framework:		
Increase Premier Inn gross UK rooms and like for like sales	4,565 additional rooms and like for like sales increase of 2.2%	✓
Increase Costa net stores and like for like sales	289 additional stores worldwide and like for like sales increase of 1.2%	✓
Develop stretch Costa Express plan, with sustainable economic model for expansion and increase number of machines	Plan approved by Board, 1,436 new machines installed	✓
Create international growth platform with progress in Premier Inn Germany and Costa China:		
Increase German hotel pipeline	25 hotels added to the pipeline via organic growth and acquisition	✓
Develop investable and scalable growth platform for Costa in China, with return to positive like for like sales	Plan for China approved by the Board, buyout of JV partner and like for like sales positive	✓
Achieve in-year efficiency plan. Improve core infrastructure to allow for future customer proposition development:		
Deliver in-year cost savings	Delivered more than £65 million cost savings in year	✓
Launch new finance system with no significant disruption and most financial control issues resolved by year end	System delivered successfully. Smooth half year with no material audit issues	✓
Overall performance against individual strategic objectives (maximum opportunity: 42.00%):		39.00%
Nicholas Cadbury		
Delivering budgeted cost saving across Whitbread and successful negotiation of the pension review:		
Deliver in-year cost savings	Delivered more than £65 million cost savings in year	✓
Appropriate negotiation of the triennial pension valuation	Company contribution schedule agreed with limited additional funding required in the short term	✓
Launch of new finance system in Premier Inn. Improved efficiency, controls and financial insight:		
No significant business disruption and successful, efficient and accurate reporting of half and full-year results	System delivered successfully. Smooth half and full-year with no material audit issues	✓
Project delivered on budget	Delivered on time and on budget	✓
Finance resources aligned to target operating model	Achieved alignment of finance resources to operating model	✓
Procurement savings tracking to plan	Significantly improved visibility of procurement and authorisation controls	✓
Deliver the IT infrastructure improvements across the Group to enable greater productivity, efficiency and security:		
New till applications rolled out on time and budget	Deadline missed, with project extended into Q1 2018/19	✗
Data warehouse migrated with no business disruption	Completed all planned moves with no interruption	✓
Develop clear implementation plan for replacement of Premier Inn reservation system	Clear plan in place and delivery on track	✓
No significant trading time lost or reputational damage from cyber security issues	Achieved - no significant issues and cyber security actions completed as planned	✓
Overall performance against individual strategic objectives (maximum opportunity: 42.00%):		36.75%

Objectives	Achievement	Outcome
Louise Smalley		
Successful completion of next phase of the transition to an efficient and high performing organisation:		
In-year overhead cost efficiencies	Efficiencies delivered on plan, with an increase in the number of shared HR services	✓
Improved YourSay scores on key questions relating to senior management	Scores stable at Group level and improved in Premier Inn	✓
Succession cover for senior roles to progress in line with plans	Achieved – succession cover stable post re-organisation	✓
Effective workforce planning for greater macro-uncertainty:		
2016 Business Plan translated to robust outlet workforce plans for the UK to determine labour demand	Robust outlet workforce plans for UK included in September 2017 business plans	✓
Supply scenarios modelled and mitigating actions developed	Scenarios established for inactive populations, weakest regional supply and key skill deficits	✓
Pay for Progression investments informed by supply and demand linked to benchmarking for critical roles	Team retention improved in all brands and Pay for Progression investment maintained	✓
Delivery of HR technology transformation:		
Robust business case from phase 1 project evaluation	Business case approved in May 2017	✓
Obtain approval for phase 2, carry out functionality benchmarking and determine key metrics	Phase 2 approved and completed in March 2018. Benchmarking undertaken. Metrics defined	✓
International application for equity markets in Poland, Germany and China in order to capture the key global HR KPIs	Phased international deployment agreed	✓
Overall performance against individual strategic objectives (maximum opportunity: 42.00%):		35.00%

Total awards

The split between cash and deferred shares is as follows:

Director	% of salary based on profit	% of salary based on WINcard	% of salary based on individual objectives	Total % of salary	Cash award £'000	Cash value of deferred shares award £'000	Total £'000
Alison Brittain	39.61	28.50	39.00	107.11	434	434	869
2016/17					290	348	638
Nicholas Cadbury	39.61	28.50	36.75	104.86	289	289	578
2016/17					188	234	422
Louise Smalley	39.61	28.50	35.00	103.11	188	188	375
2016/17					124	155	279

The deferred shares will, under normal circumstances, vest on 1 March 2021, subject to continued employment within the Group. No further performance conditions apply to these awards. Malus provisions apply to the deferred share awards in the event, for example, of a material misstatement of results with clawback provisions applying to the cash awards. The share price used to calculate the awards was the average closing price of a Whitbread share for the five business days preceding 1 March 2018 (i.e. 3,911.4 pence).

The number of deferred shares awarded to each director will be as follows:

Director	Number of deferred shares awarded 2018	Number of deferred shares awarded 2017
Alison Brittain	11,102	9,104
Nicholas Cadbury	7,383	6,128
Louise Smalley	4,799	4,051

Annual report on remuneration continued

Long Term Incentive Plan

The amounts shown in the table on page 79 refer to the value of the LTIP awards made in 2015 and vesting in 2018.

The value given for the LTIP awards is based on the average market value over the last quarter of the financial year (3,886.6 pence), as the awards will not vest until after the date of this report.

The LTIP awards made to executives in 2015 were subject to EPS and ROCE measures on a matrix basis as shown below:

EPS growth above RPI per annum		ROCE 2017/18							Maximum
		Threshold		Sliding scale					
		12%	13%	14%	15%	16%	17%	18%	
	<4%	0%	0%	0%	0%	0%	0%	0%	0%
	Threshold	4%	0%	19%	19%	20%	22%	24%	25%
	Sliding scale	6%	0%	37%	37%	40%	44%	50%	50%
		8%	0%	56%	56%	61%	66%	71%	74%
	Maximum	10%	0%	75%	75%	82%	89%	96%	100%

The EPS growth achieved was RPI plus 5.45% with the 2017/18 ROCE, which is calculated using an average of the previous 13 months' net assets, being 16.13%.

During the 2015 and 2016 LTIP performance periods, a strategic decision was taken by the Board to undertake certain sale and leaseback transactions in order to manage the balance sheet effectively to generate the best returns for shareholders. On-going rental expense from all sale and leaseback transactions is reflected in reported EPS numbers. For consistency the decision was taken to include profit from these transactions alongside the rental expense when determining underlying earnings for the EPS and ROCE performance conditions. The Committee felt it was appropriate for these amounts to be treated in a consistent way in determining the incentive outcome. This approach will be taken in respect of these material sale and leaseback transactions for both the 2015 and 2016 LTIPs.

As a result of performance, 38.3% of the shares awarded under the 2015 LTIP will vest. The awards vesting to the executive directors each of which are subject to a two-year holding period are as follows:

Director	Number of shares vested 2018	Number of shares vested 2017
Alison Brittain	11,182	22,334
Nicholas Cadbury	4,334	10,255
Louise Smalley	3,041	6,688

Pension

The percentage of salary or pension allowance received by the executive directors in pension contributions is shown in the table below.

Director	% of salary
Alison Brittain	25.0
Nicholas Cadbury	27.5
Louise Smalley	27.5

Executives receive either a pension contribution or a monthly amount in cash in lieu of the pension contribution. Alison Brittain received a cash payment, while Nicholas Cadbury and Louise Smalley each elected to receive a cash payment (less an amount equal to the employer's national insurance contribution). The percentage of salary received by Nicholas Cadbury and Louise Smalley rose from 25.0% to 27.5% on 1 December 2017 and 1 November 2017 respectively. This was as a result of grandfathered terms.

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

Director	Base fee		Senior Independent Director fee		Fee as Chairman of a Board Committee		Fee as a member of a Board Committee		Total	
	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000
Richard Baker	350	350	-	-	-	-	-	-	350	350
Adam Crozier	52	-	6	-	-	-	5	-	63 ¹	-
David Atkins	57	9	-	-	-	-	5	1	62	10 ¹
Sir Ian Cheshire	33	57	9	15	-	-	3	5	45 ¹	77
Chris Kennedy	57	57	-	-	20	8	-	-	77	65
Deanna Oppenheimer	57	9	-	-	20	-	-	1	77	10 ¹
Susan Taylor Martin	57	57	-	-	-	-	5	5	62	62
Stephen Williams	18	57	-	-	-	20	1	-	19 ¹	77

¹ Fees for part year.

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

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

The Chief Executive is required to build and hold a shareholding at least equal to 200% of salary, whilst the other executive directors are expected to reach a holding to the value of 125% of salary and other senior executives 75% of salary. Until they reach this level, executives 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 in advance of any share awards vesting. The failure to adhere to these requirements may lead to the executive being excluded from participation in future share scheme awards. It should be noted that any vested LTIP awards subject to a holding period will not be counted for the purpose of calculating whether an executive has met his or her requirement. When determining whether a director has met the requirement, both the current market price and the price at the point the shares were acquired will be taken into consideration.

All of the executive directors are in compliance with the requirement. Alison Brittain, who was appointed in September 2015, and is currently required to build towards a 200% holding, invested in excess of £1 million in the Company's shares from her own resources. Alison's first share scheme award partially vested in April 2017, but is subject to a two-year holding period.

During 2014/15, shareholding requirements were introduced for the Chairman and the non-executive directors. They are each required to build a holding to the value of 100% of their annual fee over a three-year period.

The table below shows the holdings of directors as at 1 March 2018:

	Counting towards requirement			Performance versus requirement			Additional awards	
	Number of ordinary shares	Value based on purchase price £'000	Value based on market price £'000	Shareholding requirement % of salary	% of salary based on purchase price	% of salary based on market price	Awards subject to performance conditions ¹	Awards not subject to performance conditions ²
Chairman								
Adam Crozier ³	1,000	41	39	100	10	10		
Richard Baker*	16,188	N/A	N/A	N/A	N/A	N/A	-	-
Executive directors								
Alison Brittain	20,900	1,029	812	200	127	100	111,353	35,067
Nicholas Cadbury	29,100	1,182	1,131	125	215	205	45,129	29,183
Louise Smalley	41,236	1,531	1,603	125	420	440	30,948	19,707
Non-executive directors								
David Atkins	1,425	56	55	100	94	92		
Sir Ian Cheshire*	2,282	N/A	N/A	N/A	N/A	N/A		
Chris Kennedy	1,500	61	58	100	102	97		
Deanna Oppenheimer ⁴	1,600	66	62	100	110	104		
Susan Taylor Martin	1,490	50	58	100	83	97		
Stephen Williams*	11,340	N/A	N/A	N/A	N/A	N/A		

* As at date of leaving

¹ Includes outstanding LTIP awards for which performance has not yet been tested.

² Includes unvested/unexercised deferred shares under the Annual Incentive Scheme and unexercised LTIP awards for which the performance targets have already been met.

³ Adam Crozier was appointed Chairman on the last day of the financial year and the performance versus requirement shown in the table is based on his new fee as Chairman.

⁴ Deanna Oppenheimer actually holds 6,400 ADRs in Whitbread PLC, each of which represent 0.25 of a Whitbread ordinary share.

There has been no change to the interests in the tables shown on this page between the end of the financial year and the date of this report. The column showing awards not subject to performance conditions does not include the deferred shares issued under the incentive scheme in 2017.

Please see tables on the following pages for details of LTIP awards, deferred shares and Sharesave options.

Options exercised (audited information)

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

Director	Scheme	Number of shares	Exercise price pence	Exercise date	Market price on exercise pence	Monetary value of gain (£'000)
Nicholas Cadbury	SAYE	327	2746.4	30/05/2017	4229.0	5

Awards granted

Details of awards made under the Annual Incentive Scheme in relation to the 2016/17 incentive year and awards made under the Long Term Incentive Plan in 2017 were disclosed in the 2016/17 Annual Report.

Annual report on remuneration continued

Payments to past directors (audited information)

With the exception of regular pension payments and dividends on Whitbread shares and the exercise of share awards as permitted under the rules of the Annual Incentive Scheme, the LTIP and the Savings-related Share Option Scheme, no other payments were made during the year to past directors.

Chief Executive's remuneration

The Chief Executive's remuneration (including base salary, benefits and annual incentive payment) increased by 17.0% in the year, compared with an increase of 5.9% for the Group's employees as a whole.

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

Year	Chief Executive	Single total figure of remuneration £'000	% of maximum incentive achieved	% of LTIP award vesting
2017/18	Alison Brittain	2,336	64.1	38.3
2016/17	Alison Brittain	2,509	49.8	76.5
2015/16	Alison Brittain	634	38.8	n/a
	Andy Harrison	2,423	38.8	97.2
	Combined CEO remuneration for 2015/16	3,057	38.8	97.2
2014/15	Andy Harrison	4,554	86.8	100.0
2013/14	Andy Harrison	6,374	82.6	100.0
2012/13	Andy Harrison	3,432	74.9	89.8
2011/12	Andy Harrison	1,444	45.6	n/a
2010/11	Andy Harrison	534	94.4	n/a
	Alan Parker	2,509	94.4	82.4
	Combined CEO remuneration for 2010/11	3,043	94.4	82.4
2009/10	Alan Parker	2,634	100.0	75.9

Comparison of executive remuneration policy with wider employee population

This section of the report describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population. The Committee consulted with employees in relevant roles when developing the directors' remuneration policy.

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 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.

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

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.

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 the role. 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%.

Approximately 200 senior leaders, 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.

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.

Fees from external directorships

The executive directors are entitled to retain fees from external directorships. Louise Smalley is a non-executive director of DS Smith Plc and retained a fee of £56,735. Alison Brittain is a non-executive director of Marks and Spencer Plc and retained a fee of £70,000. Nicholas Cadbury is a non-executive director of Land Securities Group PLC and retained a fee of £78,333.

Relative importance of spend on pay

The graph below compares the change in total expenditure on employee pay during the year to the change in dividend payments.



Implementation of remuneration policy in 2018/19

Base salary

The executive directors will each receive a salary increase of 4.0%, which is within the same range as the increase being given to employees across the Group.

The base salaries of the executive directors with effect from 1 May 2018 will be as follows:

Director	Base salary at 1 May 2018 £'000	Base salary at 1 May 2017 £'000
Alison Brittain	843	811
Nicholas Cadbury	573	551
Louise Smalley	379	362

Benefits

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

Annual report on remuneration continued

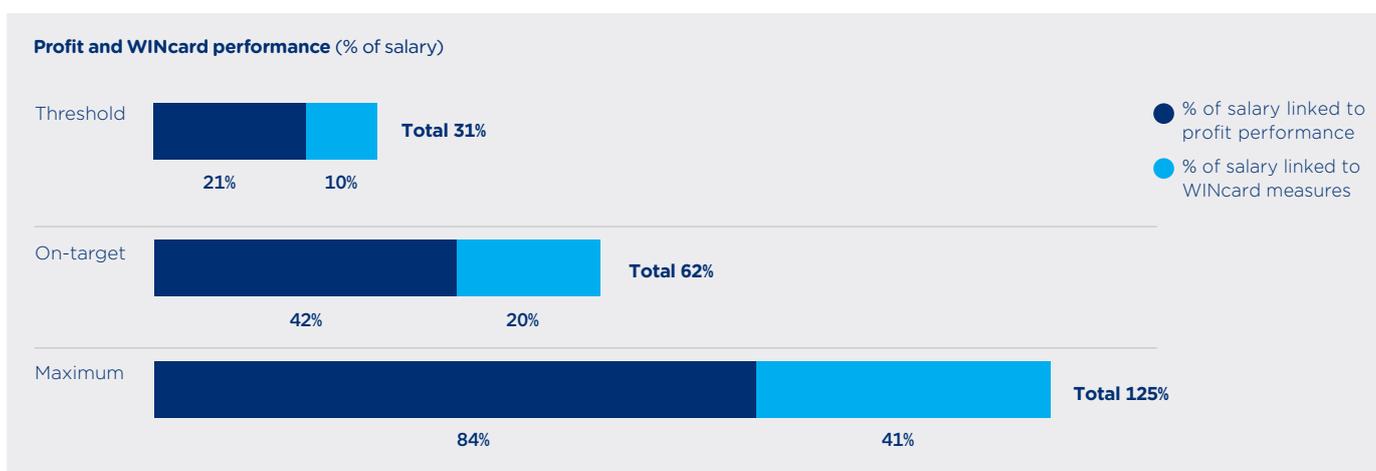
Annual incentive scheme

To be eligible to receive incentive payments there are 'gateway' requirements relating to both performance and leadership behaviour. Any incentive payments will be at the discretion of the Remuneration Committee in the event that either profit performance is below 90% of target or the health and safety score is red on the WINcard. The expectation is that our leaders' actions reflect Whitbread's values and code of conduct, including our approach to health and safety. Keeping our team and customers safe is not an incentive lever but a core responsibility that earns the right to achieve incentivised rewards.

Profit and WINcard performance (% of salary)

In 2018/19, half of the total incentive available will be based on performance against a Group underlying profit before tax target. This profit target is considered by the Board to be commercially sensitive and, for that reason, is not disclosed in advance. The Committee intends to disclose the target retrospectively in the 2018/19 report.

Each executive will be able to earn an additional 25% of the maximum based on WINcard measures. One measure will be operational team retention and the others will be Customer Heartbeat measures, made up of Premier Inn brand health, Costa net recommend and Restaurants net recommend. Only half of the maximum available in respect of these measures will be available for a 'green' WINcard score, with 75% of maximum payout available for achieving a stretch target beyond green and maximum payout requiring an 'excel' level, to be achieved.



Individual strategic objectives

Each executive director also has three individual strategic objectives. They will be eligible to receive up to 25% of the maximum incentive opportunity based on the delivery of these objectives. Achievement of the approved objective outcomes has been aligned to a payment level that would be recognised as stretch performance. The objectives are quantifiable and linked to the business plan and future financial performance. The table below shows a summary of the individual strategic objectives for each of the executive directors, together with details on which of the three strategic priorities (see pages 10 to 11) each objective is linked to:

	Strategic Priority
Alison Brittain	
Growth in UK estate and Premier Inn occupancy and delivery of key UK innovations.	1
Increase German hotel pipeline, updated growth plan for Costa China and international progress for Costa Express.	2
Develop detailed road map to deliver cost savings plan and deliver in-year cost savings. Deliver major infrastructure projects.	3
Nicholas Cadbury	
Develop a new financial operating model and improved reporting for property.	1/3
Achievement of in-year international growth targets.	2
Deliver in-year cost savings and support transformation plan.	3
Louise Smalley	
Deploy the new HR System to plan, budget and key governance parameters in the UK and Germany.	1/2
Establish a representative and sustainable employee forum structure across the Group, initially in the UK.	1
Increased succession cover for priority roles/pools critical to long-term growth and brand proposition development.	2/3

Cash awards will be made in May 2019, with deferred equity issued in April 2019 and due to vest on 1 March 2022, with no further performance conditions applying.

Long Term Incentive Plan

The awards to be made in 2018 will be based on 200% of base salary for Alison Brittain and 125% of base salary for the other executive directors, calculated by reference to the average of the closing price of a Whitbread share for the five business days preceding 1 March 2018 (i.e. 3,911.4 pence). They will vest in April 2021, subject to the director's continued employment within the Group and satisfaction of the performance conditions. The awards will be subject to a two-year holding period post vesting.

The 2018 awards to the executive directors will be made in April 2018 and, in line with the 2017 grant, will be subject to two independently operating performance conditions: 50% will be dependent on the Group ROCE in 2020/21, with the threshold being 13% and maximum payout at 18%, with a sliding scale operating in between. A further 50% will be dependent on an EPS growth target operating on a sliding scale between 4% per annum at threshold and 10% per annum at maximum.

The Committee is mindful that it is crucial that the executive team is awarded fairly for its significant contribution to the ongoing success of the Company and that this key talent is retained within the business. During the year the Committee considered the LTIP grant levels for the Group Finance Director and Group HR Director, which have remained unchanged at 125% of salary for a number of years. The maximum LTIP grant under our policy, approved by shareholders in 2017, is 200% of salary. The current LTIP grant level is significantly behind market levels, which therefore reduces the competitiveness of the package for these two roles. It is the Committee's intention to review future LTIP award levels for these two roles.

As set out in the Remuneration Committee Chair's letter, further to the recent announcement, the Committee will be consulting with major shareholders on proposals for a new long term incentive plan and revised Policy which will support the future strategy of the business and successful execution of the demerger. To this end, in the event that the revised Policy is approved by shareholders, the Committee will substitute awards under the new arrangements for the 2018 LTIP awards.

The number of shares awarded under the LTIP to each director will be as follows:

Director	Number of shares awarded	Value of award £'000
Alison Brittain	41,463	1,622
Nicholas Cadbury	17,602	689
Louise Smalley	11,637	455

LTIP performance conditions – past awards

Performance metrics	
2014 award	Based on underlying basic EPS growth above RPI per annum of 4% to 10% on a sliding scale with a one-third multiplier based on ROCE in 2016/17 of 13% to 18%. ROCE also acts as a hurdle and is calculated using an average of the previous 13 months' net assets.
2015 award	Based on underlying basic EPS growth above RPI per annum of 4% to 10% on a sliding scale with a one-third multiplier based on ROCE in 2017/18 of 13% to 18%. ROCE also acts as a hurdle and is calculated using an average of the previous 13 months' net assets.
2016 award	Based on underlying basic EPS growth above RPI per annum of 4% to 10% on a sliding scale with a one-third multiplier based on ROCE in 2018/19 of 13% to 18%. ROCE also acts as a hurdle and is calculated using an average of the previous 13 months' net assets.
2017 award	Subject to two independently operating performance conditions. 50% of each award is dependent on Group ROCE in 2019/20, with the threshold being 13% and the maximum payout at 18%, with a sliding scale operating in between. The other 50% of each award will be linked to an EPS growth target on a sliding scale between 4% per annum at threshold and 10% per annum at maximum.

Chairman's fee

Adam Crozier was appointed Chairman on 1 March 2018 and his fee with effect from that date is £400,000. The Chairman's fee will be reviewed annually.

Non-executive directors fees

The base annual fee for non-executive directors is £60,000, which was increased from £57,000 on 1 March 2018, having previously been reviewed in March 2016. The fees for the chairmanship of the Audit Committee and the Remuneration Committee are unchanged at £20,000. The fee for the Senior Independent Director remains at £15,000 and the fees for membership of the Audit and Remuneration Committees are unchanged at £5,000. Non-executive director fees will be reviewed annually in the future.

Statement of shareholder voting

At the Annual General Meeting in 2017, the resolution to approve the updated directors' remuneration policy and the advisory resolution to approve the annual report on remuneration were both passed.

The voting results were as follows:

Resolution	For	Against	Total	Withheld
Updated remuneration policy	129,489,202 (98.4%)	2,057,323 (1.6%)	131,546,525	63,482
Annual report on remuneration	131,146,484 (99.7%)	370,395 (0.3%)	131,516,879	93,782