

MEETING DATE	Wed, 27 Jun 2018 14:45	TYPE	EGM	ISSUE DATE	Tue, 12 Jun 2018
MEETING LOCATION	Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ				
CURRENT INDICES	FTSE 100, FTSE EuroFirst				
SECTOR	Restaurants & Bars				

COMPANY OVERVIEW

Whitbread plc is a multinational hospitality group which operates in the hotel, coffee shop and restaurant businesses. It is head-quartered in Dunstable, United Kingdom. Whitbread operates under numerous brands including Costa Coffee, Premier Inn, Beefeater Grill, Brewers Fayre, Table Table and Whitbread Inns.

PROPOSALS

ADVICE

1 Approve Remuneration Policy

Oppose

Shareholder approval is sought for the approval of the remuneration policy at this general meeting.

Background: On 25 April 2018, the Company announced Whitbread's intention to pursue a demerger of Costa, providing shareholders with investments in two distinct market-leading businesses. The process is expected to take up to 24 months. The Company states that in order to align incentives of management with the new strategy and appropriately incentivise them to complete the demerger in a way which optimises shareholder value, it is proposed to make changes to the policy. The remuneration committee currently believes that the majority of the current policy remains fit for purpose, including the Annual Incentive Scheme which remains unchanged. However they state that the long-term incentive component requires amendment in light of the strategic goals of the demerger. The Remuneration policy disclosure is considered adequate. The annual incentive scheme will have a maximum potential value of 167% of base salary with up to 50% of maximum paid in cash and the remainder will be paid in deferred shares which is in line with best practice. Including the proposed one-off grant, maximum potential award under all incentive schemes for the CEO is considered excessive as it amounts to over 500% of base salary, which is largely above the acceptable threshold of 200% of salary. The maximum potential value of the PSP in itself as a one-off grant at 400% of base salary for CEO and 350% for the executive directors is considered excessive. Awards will normally vest, subject to assessment of performance conditions, on the earlier of (i) the date on which the Committee determines that the Demerger is completed; and (ii) the date falling 24 months after the first date on which Awards are granted under the PSP. Awards may also vest earlier in circumstances, However, there is a two-year holding period post-vesting. Dividend equivalents may be provided during the holding period. While the policy utilises more than one performance metric to determine PSP payout, the metrics are not operating concurrently, such that vesting is only possible if each threshold performance is met. Malus provisions apply to the deferred share awards in the event of a material misstatement of results, with clawback provisions applying to cash awards. Upside discretion may be exercised by the committee as for the LTIP and PSP, it may dis-apply time pro-rating for good leavers and on a change of control, time and performance pro-rating. Overall, a change in remuneration policy to reward and incentivise management for a demerger cannot be supported.

Triodos opposes this resolution.

2 Approve the Whitbread Performance Share Plan

Oppose

Shareholders are being asked to approve the new Whitbread Performance Share Plan (the "PSP"). Sufficient disclosure surrounding the nature of the plan has been provided. The Company states that participants will be granted a one-off award over shares in Whitbread Plc. This would replace current Executive Directors' award under the Long-Term Incentive Plan (LTIP) for 2018 and 2019. The New Director's Remuneration Policy would permit awards to be made under the new PSP if approved and the total number of ordinary shares over which awards are granted will not exceed 500,000. Maximum potential value of the awards will be 400% of base salary for the CEO and 350% of salary for all other executive directors. The performance measures include strategic objectives: (40%), relative TSR (20%) and Costa and Premier Inn UK ROCE (40%). The awards will normally vest subject to assessment of performance conditions on earlier of the date on which the Committee determines that the de-merger is completed and the date falling 24 months after the first date on which awards are granted under the PSP. The Company has provided evidence that a post-vesting holding period of two years will attach to awards made under the scheme which is in line with best-practice. The comparator group will contain the constituent companies of the FTSE 350 Travel and Leisure and the FTSE 350 General Retailers indices and 20% of the maximum available under this component will vest for TSR performance equivalent to the median of the comparator group over the performance period with straight line vesting up to 100% for TSR performance equivalent to the upper quartile of the comparator group. The Company states that any participant whose award has vested and leaves employment for any reason other than summary dismissal for gross misconduct may exercise that award for six months from the date on which the holding period ends or on committees' discretion which is not considered appropriate. The Committee may also exercise upside discretion for good leavers and on a change of control. Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 1 - Approve Remuneration Policy

Upon engagement, the Company stated that the award will be a one-time award. No participant can receive more than one award under the scheme.

BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTOR	GENDER	INDEPENDENT BY		BOARD	AC	RC	NC	SC	TENURE
		PIRC	COMPANY						
Adam Crozier	M	Yes	Yes	Ch	-	M	C	-	1
Alison Brittain	F	No	No	CEO	-	-	-	-	2
Nicholas Cadbury	M	No	No	Exec	-	-	-	-	5
Louise Smalley	F	No	No	Exec	-	-	-	-	5
David Atkins	M	Yes	Yes	NED	M	M	M	-	1
Chris Kennedy	M	Yes	Yes	NED	C	-	M	-	2
Deanna Openheimer	F	Yes	Yes	NED	-	C	M	-	1
Susan Taylor Martin	F	Yes	Yes	NED	M	-	M	-	6
Richard Gillingwater	M	Yes	Yes	NED	-	M	M	-	<1
Number of Meetings				-	-	-	-	-	
Number of NED only Meetings				-					

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, SC = Sustainability Committee, C = Chairperson of Committee, M = Member of Committee.

BOARD OF DIRECTORS (post-Meeting)

ADAM CROZIER					CHAIRMAN
AGE	54	TENURE	1 Year	COMMITTEES	R,N*
OTHER POSITION	Stage Entertainment BV [NED]; Vue International [NED]; ex-Creative Diversity Network Ltd [Director]; ex-Football Association [CE]; ex-ITV plc [CEO]; ex-ITV plc [CEO]; Saatchi & Saatchi [Joint CE]; ex-Royal Mail Group [CE]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY			Y
COMMENT	Independent on appointment				
ALISON BRITTAIN					CHIEF EXECUTIVE
AGE	53	TENURE	2 Years	COMMITTEES	None
OTHER POSITION	Marks and Spencer Group plc [NED]; Prince's Trust [Trustee]; ex-Barclays Bank [Snr roles]; ex-Lloyds Banking Group [Div Dir]; ex-Santander UK plc [Exec]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			N
SEVERANCE	12 months rolling				
COMMENT	Chief Executive Officer				
NICHOLAS CADBURY					EXECUTIVE DIRECTOR
AGE	52	TENURE	5 Years	COMMITTEES	None
OTHER POSITION	Land Securities Group Plc [NED]; ex-Dixons Retail plc [CFO]; ex-Premier Farnell plc [CFO]; ex-Price Waterhouse [Accountant]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			N
SEVERANCE	12 months rolling				
COMMENT	Group Finance Director.				

LOUISE SMALLEY				EXECUTIVE DIRECTOR	
AGE	50	TENURE	5 Years	COMMITTEES	None
OTHER POSITION	DS Smith plc [NED]; ex-BP; ex-Esso Petroleum				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		N	
SEVERANCE COMMENT	12 months rolling Group HR Director.				
DAVID ATKINS				NON-EXECUTIVE DIRECTOR	
AGE	52	TENURE	1 Year	COMMITTEES	A,R,N
OTHER POSITION	British Council of Shopping Centres [Pres]; Hammerson Plc [CE]; Reading Real Estate Foundation [Dir; Revo [Mem]; Revo [Member of the advisory panel]; Trustee]; ex-European Public Real Estate Association [Mem]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
CHRIS KENNEDY				NON-EXECUTIVE DIRECTOR	
AGE	54	TENURE	2 Years	COMMITTEES	A*,N
OTHER POSITION	Great Ormond Street Hospital [Trustee]; Micro Focus International plc [CEO]; The EMI Group Archive Trust [Trustee]; ex-ARM Holdings plc [CFO]; ex-EMI [Snr roles]; ex-easyJet plc [Gp FD]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
DEANNA OPENHEIMER				NON-EXECUTIVE DIRECTOR	
AGE	60	TENURE	1 Year	COMMITTEES	R*,N
OTHER POSITION	AXA SA [NED]; CameoWorks [Founder & CE]; Hargreaves Lansdown plc [NED]; Tesco Plc [SID]; ex-Barclays Bank PLC [n/d]; ex-Joshua Green Corp [NED]; ex-University of Puget Sound [Trustee]; ex-Washington Mutual Inc [n/d]; ex-WorldPay Group Plc [NED]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
SUSAN TAYLOR MARTIN				NON-EXECUTIVE DIRECTOR	
AGE	54	TENURE	6 Years	COMMITTEES	A,N
OTHER POSITION	Thomson Reuters Foundation [Trustee]; Thomson Reuters [Pres of Legal]; ex-lobal Investment Focus Accounts [Pres]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
RICHARD GILLINGWATER				NON-EXECUTIVE DIRECTOR	
AGE	n/d	TENURE	<1 Years	COMMITTEES	R,N
OTHER POSITION	Janus Henderson plc [Ch]; Open University [Pro-Chancellor]; SSE plc [Ch]; ex-BZW [Fin&Investment]; ex-Credit Suisse [Fin&Investment]; ex-First Boston [Fin&Investment]; ex-Helical plc [NED]; ex-Kleinwort Benson [Fin&Investment]; ex-Shareholder Executive [CEO]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE EGM

	Number	% of Board	FTSE 100 MEAN	
			Number	% of Board
Executive Director	3	33.33	2.9	26.7
Independent NEDs	5	55.56	5.9	55.0
Connected NEDs	0	0.0	0.9	8.5
Other	1	11.11	1.0	9.4

BOARD COMMITTEES FOLLOWING THE EGM

	Number of Members	% Women	% Independent by PIRC	% Independent by Company	FTSE 100 MEAN	
					Number of Members	% Independent by PIRC
Whole Board	9	44.44	66.67	66.67	10.7	54.7
Audit	3	33.33	100.0	100.0	3.9	92.5
Remuneration	4	25.0	75.0	100.0	4.2	89.0
Nomination	6	33.33	83.33	100.0	5.0	81.5

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