APPENDIX 1

DIRECTORS' REMUNERATION POLICY

Directors' Remuneration Policy report

This report sets out the policy of the Group on Executive Directors' and Non-executive Directors' remuneration. The Policy Report will be put to shareholders for approval at the General Meeting ("GM") to be held on Thursday 8th October 2020 and, subject to approval, will be operated from that date. The current policy, approved by shareholders in 2018, will continue to apply until the new policy is approved.

Policy overview
The objective of our Remuneration Policy is to attract, retain and incentivise a high calibre of senior management who can direct the business and deliver the Group's core objective of growth in shareholder value by building a business that is capable of delivering long-term, sustainable and growing earnings.

To achieve this objective, Executive Directors and senior management receive remuneration packages with elements of fixed and variable pay. Fixed pay elements (basic salary, pension arrangements and other benefits) are set at a level to recognise the experience, contribution and responsibilities of the individuals and to take into consideration the level of remuneration available from a range of the Group's broader competitors.

Variable pay elements (annual bonus and Restricted Share Plan awards) are set at a level to incentivise Executive Directors and senior management to deliver outstanding performance in line with the Group's strategic objectives and to align their interests with those of long-term shareholders.

Consideration of shareholders' views
The Remuneration Committee (the "Committee") considers feedback from shareholders received during the year, including at AGMs and in consulting with major shareholders and proxies in preparing for the GM, and feedback from additional engagement as part of any review of executive remuneration. The Committee engages pro-actively with shareholders and ensures that they are consulted in advance where any material changes to the Remuneration Policy are proposed. During 2020, a consultation exercise was undertaken with major shareholders to seek feedback on the proposed changes to the Policy.

Consideration of employment conditions elsewhere in the Group
In determining the remuneration of the Directors, the Committee takes into account the pay arrangements and terms and conditions across the Group as a whole. The Committee seeks to ensure that the underlying principles which form the basis for decisions on Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the head office team when conducting the salary review for the Executive Directors. Increases for the non-managerial staff in restaurants and pubs are determined in line with changes to the National Minimum and National Living Wage.

Managing potential conflicts of interest
In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee; none of the Executive Directors are involved in the determination of their own remuneration arrangements. The Committee also receives support from external advisers and evaluates the support provided by those advisers annually to ensure that advice is independent, appropriate and cost-effective.

Key elements of the new Remuneration Policy for Directors
Set out below is a summary of the main elements of the new Remuneration Policy for Executive Directors and Non-executive Directors, together with further information on how these aspects of remuneration operate. The key changes are:

- a commitment to align pension rates for new Executive Directors;
- the introduction of a new Restricted Share Plan;
- an increase in the share ownership guideline to 250% and
- the introduction of post-cessation share ownership guidelines.

	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Basic Salary	Attract and retain key personnel of the right calibre. Reflects individual responsibilities, skills and achievement of	Salary levels (and subsequent increases) are set based on role, experience, performance and consideration of the general workforce pay review and competitor pay levels.	No prescribed maximum annual increase. The Committee is guided by the general increase for the Company's general workforce, but on occasions may need to recognise, for example,	None.

	objectives.	Salaries are paid monthly. Normally reviewed annually with any changes taking effect from 1 January or when an individual changes position or responsibility.	an increase in the scale, scope or responsibility of the role.	
Benefits	To provide market consistent benefits.	Benefits packages typically comprise a car (or car allowance), health insurance, and life assurance although other benefits may be provided where appropriate, including relocation and expatriation expenses as outlined in this report.	No maximum limit.	None.
Pensions	Rewards sustained contribution.	Contribution to a personal pension plan (no defined benefit schemes operate) and/or a salary supplement (e.g. where HMRC limits would be exceeded). Going forwards, new recruits will receive no more than the rate from time to time applicable to the majority of staff.	Up to 20% of base salary for incumbents. New Executive Directors will receive no more than the rate from time to time available to the majority of staff.	None.
Annual bonus	Rewards the achievement of annual financial targets and other key performance indicators, depending on job responsibilities, which are aligned to the strategic needs of the business.	Bonus level is determined by the Committee after the year-end based on performance conditions typically drawn up at the start of the financial year. 50% of any bonus is payable in cash. 50% of any bonus is deferred in shares or nil-cost options with awards normally vesting after a three-year period. Not pensionable. A malus and clawback mechanism operates. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding award in specific circumstances. The Committee also has the authority to recover (clawback) all, or a portion of, amounts already paid in specific circumstances and within a defined timeframe. These provisions apply to both the cash and deferred elements of the annual bonus.	Maximum of 150% of base salary.	Normally based on a one-year performance period. The annual bonus is subject to the achievement of stretching performance measures. Financial measures will account for the majority, normally based on Group Adjusted profit before tax or an alternative profit measure. The Committee may vary the metrics and weightings from year to year according to Group strategy. The Committee retains the ability to override the out-turn to reduce such payment if it does not consider the out-

				turn to be appropriate in all the circumstances.
Restricted Share Plan (RSP)	Promotes achievement of long-term strategic objectives of increasing shareholder value and aligning the interests of participants with those of long-term shareholders.	Annual grant of Conditional Awards calculated as a proportion of base salary. The 2020 grant will be calculated using a share price of 52.7p (being the prevailing price on the date of the last market update prior to consulting with shareholders on the RSP). Subsequent grants will use the price prevailing at or shortly prior to grant (typically based on a 5-day average). A malus and clawback mechanism operates. The Committee has the authority to apply this mechanism if, in the opinion of the Committee, any of the following has occurred: • a material misstatement of the Company's results; • an error is made in any calculation or assessment in relation to an award; • gross misconduct by a participant; • any other adverse circumstances materially impacting the reputation of the Group; or • an insolvency of the Company.	Maximum of 125% of salary	The level of vesting will be dependent upon the Committee confirming whether any underpin has been met as at the third anniversary of grant. All awards to Executive Directors will be subject to the underpin that the Committee is satisfied that the Award should vest and may be reduced if it feels that there has been unsatisfactory financial, personal or other performance over the period. In addition, grants in 2020 will be subject to the additional requirement, in respect of 50% of the award, that EBITDA in 2022 is at least £100m (with EBITDA assessed by the Committee and adjusted for acquisitions and disposals).
Save As You Earn scheme (SAYE)	Encourages employee share ownership and therefore increases alignment with shareholders.	HMRC-approved plan under which eligible employees are able to purchase shares under a three-year savings contract at a discount of up to 20% of market value at grant. Provides tax advantages to UK employees.	Prevailing HMRC limits.	None.
Shareholding guidelines	Increase alignment with shareholders.	Executive Directors must build up and maintain a shareholding equivalent to 250% of base salary. Requirement to retain no fewer than 50% of the net of tax shares vesting under an RSP (or legacy LTIP) award until the required shareholding is achieved.	N/A	None.

		The requirement will continue to apply for 2 years post-cessation of employment (with such shares valued at the higher of the share price on departure and subsequently) unless the Committee exceptionally determines otherwise. To enforce such requirement, vestings from RSP awards will be lodged in escrow until sufficient shares are held.		
Non-executive Directors' fees	Attract and retain a high-calibre Chairman and Non-executive Directors by offering market-competitive fee levels. Reflects fees paid by similarly sized companies. Reflects time commitments and responsibilities of each role.	Fees are normally reviewed annually. Fees paid in cash. Chairman is paid a single fee. Non-executive Directors are paid a base fee. A Committee Chair fee and a Senior Independent Director fee is payable to reflect additional responsibility. The Chairman and the Non-executive Directors are entitled to reimbursement of reasonable expenses including any tax due on such payments. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director.	The Group's Articles of Association place a limit on the aggregate annual fees of the Non-executive Directors of £650,000. As per Executive Directors, there is no prescribed maximum annual increase. The Committee is guided by the general increase in the Non-executive Director market and for the broader UK employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role.	None.

Differences between the Policy Report and that previously approved by shareholders are summarised above.

Performance measures

The Committee chooses performance measures in the annual bonus and, where relevant, any underpin to the RSP which align to the Group's profitability and the strategic plan. This enables the Executive Directors to be incentivised to achieve the Group strategy, aligning interests with those of shareholders. Financial performance measures (Adjusted profit before tax) are used as the key performance indicators (KPI).

Performance against targets are reviewed by the Committee. For the annual bonus plan, non-financial measures relate to strategic priorities such as the number of covers and the results of the employee engagement survey.

Committee discretions

The Committee operates share plans in accordance with their respective rules and in accordance with the UK Listing Rules and HMRC requirements where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

- selecting the participants;
- the timing of grant and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy table above);
- the extent of vesting based on the assessment of performance;
- determination of a 'good leaver' and where relevant the extent of vesting in the case of the share-based plans;
- treatment in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of the Company and its shareholders;

- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- cash settling awards and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans from year to year.

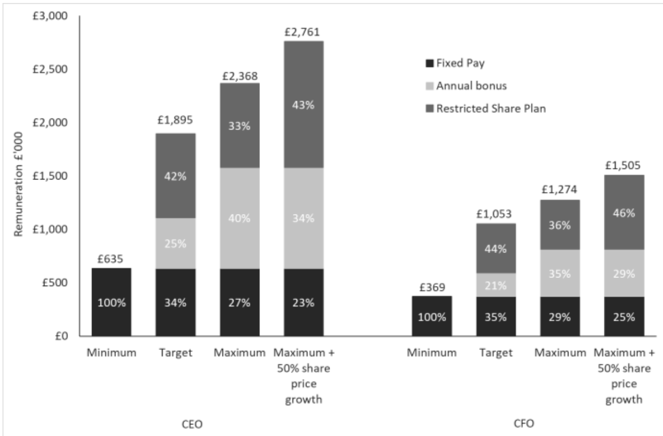
Any performance or underpin conditions may be amended or substituted if one or more events occur which cause the Committee to reasonably consider that the performance conditions would not, without alteration, achieve their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

Differences between the Policy Report and the policy on employee remuneration
There are no material differences in the structure of remuneration arrangements for the Executive Directors and the senior management team. There are some operational differences such as quantum, which reflect the fact that a greater emphasis is placed on performance-related pay for Executive Directors and the most senior individuals in the management team. Outside the senior management team, the Company aims to provide remuneration structures for employees which reflect market norms.

Legacy arrangements
For avoidance of doubt, in approving this Directors' Remuneration Policy Report, authority is given to the Company to honour any prior commitments entered into with current or former Directors.

External appointments
Executive Directors are entitled to accept one appointment outside the Group and there is no requirement for Directors to remit any fees to The Restaurant Group plc. Details of any appointments are provided in the annual report on remuneration section.

Illustration of application of Remuneration Policy
The chart below shows the value of the Executive Directors' packages under three performance scenarios, minimum, on-target and maximum together with a modified version of the maximum column to include 50% share price appreciation.



Notes:
- Salary levels are based on those applying from 1 January 2020 (and are before the effect of any salary waivers).
- The value of benefits receivable in 2020 is estimated and the CFO's pension is based on 20% of salary.
- The on-target level of bonus is taken to be 50% of the maximum bonus opportunity (150% of salary for the CEO and 120% for the CFO).
- The on-target level of vesting under the RSP is taken to be the face value of the proposed 2020 grant (125% of salary for the CEO and the CFO).
- No share price appreciation has been assumed for the deferred bonus shares and the final column shows the maximum with the RSP benefiting from 50% share price appreciation.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. Benefits and pensions would be provided in line with the prevailing approved policy. The annual bonus potential would be limited to 150% of salary and grants under the RSP would be limited to a maximum of 125% of salary. Where necessary, specific annual bonus targets may be introduced for an individual for the first year of appointment if it is appropriate to do so to reflect the individual's responsibilities and the point in the year at which they joined the Board. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate, so as to enable the recruitment of the best people including those who need to relocate.

Notice periods for Executive Directors are normally 12 months. If appropriate, the Committee may agree, on the recruitment of a new Executive Director, to a notice period of 6 months but with the ability to increase this to 12 months over a specified period.

Service contracts and payments for loss of office

Contractual provisions

It is the Company's policy that any new Executive Director appointment should have a service contract with an indefinite term which is subject to up to a year's notice by either party with provision, at the Board's discretion, for early termination by way of a payment in lieu of salary, with the ability to phase payments and mitigate such payments if alternative employment is obtained.

There will be no provisions in respect of a change of control.

Directors' service contracts are available for inspection at the central support office of the Group during normal business hours and will be available for inspection at the AGM.

Outstanding incentive awards

The annual bonus may be payable with respect to the period of the financial year worked, although it will be pro-rated for time and paid at the normal pay-out date.

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. Any unvested deferred bonus plan awards will ordinarily vest on the normal vesting date, save where the departure is as a result of summary dismissal in which case the awards will lapse on cessation of employment. Any outstanding RSP (and legacy LTIP) awards will normally lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. Awards held by Executive Directors will normally vest on their scheduled vesting date, subject to the satisfaction of the relevant performance or underpin conditions at that time and reduced pro-rata to reflect the proportion of the normal vesting period actually served.

However, the Committee has discretion to determine that awards vest at cessation and/or to dis-apply time pro-rating.

In the event of a takeover (or other corporate event such as demerger, delisting, special dividend or other similar event which, in the opinion of the Remuneration Committee, would affect the market price of shares to a material extent) all awards will vest early subject to the extent that the performance or underpin conditions have been (or would have been, in the opinion of the Remuneration Committee) satisfied at that time and pro-rated to reflect the reduced period between grant and vesting relative to the normal vesting period (although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances). In the event of an internal reorganisation, awards may be exchanged for equivalent new awards over shares in the new holding company.

Non-executive Directors
Letters of appointment for the Non-executive Directors were each set for an initial three-year period (renewable thereafter for periods of three years). Non-executive Directors are required to submit themselves for re-election every year.

The notice period for the Chairman, Debbie Hewitt, is six months by either party. The notice period for the Non-executive Directors is set at three months under arrangements that may generally be terminated at will by either party without compensation.

Directors' letters of appointment are available for inspection at the central support office of the Group during normal business hours and will be available for inspection at the AGM.

Fees payable for a new non-executive Director appointment will take into account the experience and calibre of the individual and current fee structure.