

WHITBREAD PLC

Green Bond Allocation and Impact Report

2022/23





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Executive summary

In February 2021, Whitbread PLC issued two guaranteed Green Bonds:

£300m

2.4% guaranteed Green
Bonds due May 2027

£250m

3.0% guaranteed Green
Bonds due May 2031

This provided £550m total investment available to 'green' projects outlined within Whitbread's Green Bond Framework, eligible for allocation within three years either side of bond issuance, with full allocation due by end of FY23/24.

In the first year since the issuance of Whitbread's debut Green Bond, we allocated £404m of the full £550m bond against Eligible Green Projects, assured to the ISAE 3000 standard, leaving £146m left to allocate. Full historic allocation and impact reporting to FY21/22 can be found here.

[Green Bond Allocation Report FY21/22](#)

This financial year we have allocated a further **£100m** against eligible projects, taking our full allocation amount to **£504m**. This has been assured to the ISAE 3000 standard, following ISQM 1 processes. **The allocation for FY22/23 is broken down in the graphic on the right-hand side of this page and is limited to allocation within the first 10 months of FY22/23 (to 31 December 2022):**

The use of the proceeds in FY22/23 has led to:

64,810
tCO₂
avoided

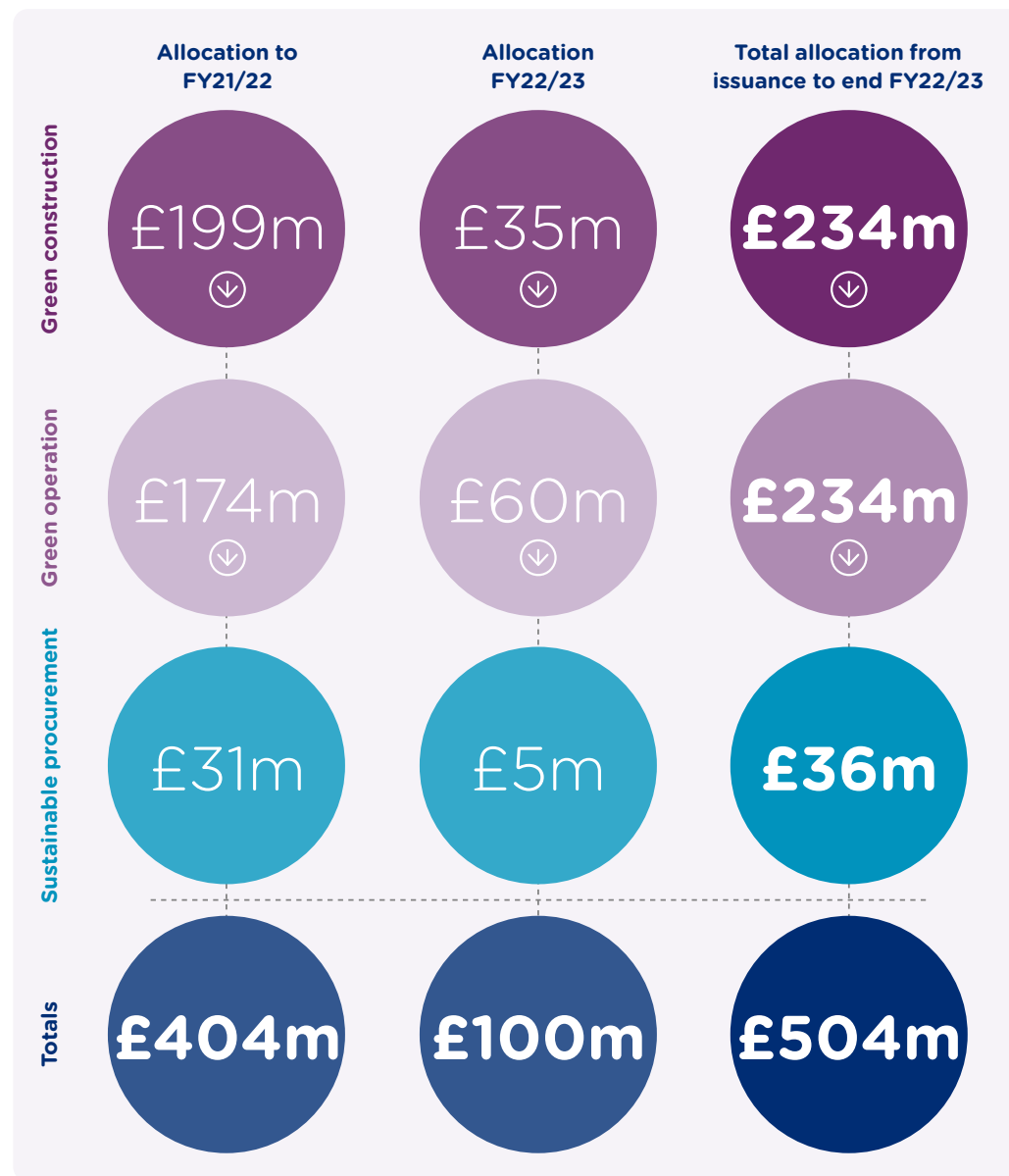
7

sites being constructed
to high environmental
standards

100%

of all consumables and fish
procured using proceeds
being sourced to
sustainable standards.

The use of these proceeds has been independently assured to the ISAE 3000 standard and the detail is outlined in this report.





About this report



Following the issuance of **Whitbread's £550m Green Bond** in 2021, and our first year of allocation reporting in FY21/22, we have continued to manage and monitor the use of proceeds against the projects outlined in our **Green Bond Framework**

To be read in conjunction with our first **Green Bond Allocation Report**, this report outlines how much we have allocated in FY22/23, against which projects, and what the sustainability impact of those funds has been. It will be made public on our Company website and will be included in any future ESG reports (both within the public domain) and will be updated until proceeds are fully utilised for Eligible Green Projects.

This report sets out:

- reporting to the end of FY22/23 on the allocation of net proceeds and more specifically:
 - the aggregated amount of allocation of the net proceeds to the Eligible Green Projects at category level; and
 - the balance of any unallocated proceeds invested in cash and/or cash equivalents; and
- relevant environmental impact metrics directly associated with the allocated projects.





Sustainability at Whitbread





Sustainability at Whitbread – Force for Good



Being one of the UK's **leading hospitality businesses**, we are passionate about using our scale and size to make a **positive difference to people's lives, our communities and the world in which we operate.**

We recognise the huge imperative to act now, in order to help tackle the great issues of our time; from climate change to ethical trade, single-use plastic, food waste and equity.

Further information on Whitbread and our brands is available at:

whitbread.co.uk/about-us

Further information on our ESG strategy and performance can be found in our latest report:



We do not underestimate the position we are in to leverage change for the better and to meet the demands of our customers and our teams.”

Rosana Elias,
Head of Sustainability

Climate
change



Responsible
Sourcing



Single-use
plastic



Food
waste



Equity





Sustainability at Whitbread – Force for Good continued



For Whitbread, environmental, social and governance matters are about ensuring our purpose lives in everything we do. We provide quality, affordable hotels for our guests to help them to live and work well and to positively impact the world around us. We also aim to provide meaningful work, skills and career development opportunities for our teams, with no barriers to entry or limits to ambition.

Force for Good is grouped into three key pillars – Opportunity, Community and Responsibility.

Within each area, we've set long-term strategic commitments that we believe will help us reach our goal of enabling people to live and work well. Our Force for Good agenda is important to us and makes us the forward-looking, sustainable and successful business we are today.

We have designed a sustainability programme which is future facing and continues to focus on the most material issues to our business and our society, including our SBTi committed target to reduce our carbon emissions intensity by 80% by 2030 and become net zero by 2040, and we

aim to procure 100% of our critical commodities sustainably.

We are also targeting the reduction of single-use plastics and food waste, and are focusing on diversity and inclusion and wellbeing as core elements of our programme.

More information on our programme and how we are progressing against our goals can be found in our most recent ESG Report.

[Read our ESG Report](#)



Green Bond governance at Whitbread



Green Bond governance at Whitbread

Our sustainability strategy is developed and managed by our Sustainability team, which works collaboratively with teams across the business and operation to drive progress towards our targets.

The team is led by the Head of Sustainability, reporting directly into our General Counsel, who has responsibility for sustainability at the Board and Executive Committee level, where overarching progress and performance against our targets are governed.



Periodic progress against our sustainability targets and any emerging risks or issues are reviewed by the Board (and relevant Board Committees) and by the Group Executive Committee.



Green Bond management specifically is governed by the Sustainable Finance Steering Committee (SFSC).

This Committee is chaired by the Group Finance Director and administered by the Head of Sustainability. Members of this Committee include the General Counsel, the Managing Director for Premier Inn and Restaurants UK and Global Commercial Director, and the Group Operations Director.



The Committee is supported by the members of the Sustainability team; the Finance team; the Property and Construction team; and the Procurement team, as appropriate, and meets twice a year as a minimum.

The Whitbread Sustainable Finance Steering Committee is responsible for final approval of:

A.

Annual updates to the framework

B.

Assurance that any proposed bond issue meets the necessary requirements in accordance with the framework

C.

The selection of projects

D.

Management of proceeds

E.

Reporting on the use of proceeds and their impact



Updates to our framework



Updates to our framework



DGNB

Silver

FY21/22



As outlined in our FY21/22 Allocation Report, since issuance, our Green Building strategy has been updated to include the development and expansion in Germany.

This now includes the DGNB standard as a local equivalent to BREEAM, EPC and LEED standards for the German market. Following a gap analysis between the BREEAM Very Good threshold and the DGNB standards, we concluded that DGNB Silver and above aligns with the existing standard in our framework. Our Eligible Projects Framework therefore now includes the DGNB standard. No further updates to the Green Bond Framework have been made in FY22/23.



Whitbread's Green Bond Framework

Eligible Green Projects

ICMA Category for use of proceeds	Eligibility criteria	Example green project	Reporting metric	Relevant SDG
Green construction				
Green Buildings	Investment and expenditures relating to the properties built, fitted out to, or operated to BREEAM standards (Very Good or above), LEED (Platinum or above), EPC (B or above), or DGNB (Silver or above)	Build and fit out of utility efficient buildings to BREEAM, LEED, EPC or DGNB standards as noted	Number (or %) of sites built, fitted out or operated to BREEAM Very Good standard or above, LEED Platinum or above, EPC B and above, or DGNB Silver or above	
	Investment and expenditures relating to water saving projects	Installation of greywater systems to enable water recycling Reduce water leaks to reduce commodity wastage	Water usage avoidance (m ³)	
Green operation				
Energy efficiency	Investment and expenditures relating to electricity efficiency projects	Electricity efficiency projects across the estate	kWh electricity avoidance	
	Investment and expenditures relating to installation of heat pumps	Electrification of sites through the use of ground or air source heat pumps	Greenhouse gas emissions avoided (tCO ₂ e)	
	Investment and expenditures relating to installation of electric cookers	Electrification of sites through electric cooker installation, removing gas usage	Greenhouse gas emissions avoided (tCO ₂ e)	
	Investment and expenditures relating to installation of electric power storage at Premier Inn sites in Germany	Installation of electric power storage system in German sites	Greenhouse gas emissions avoided (tCO ₂ e)	
Clean transportation	Investment and expenditures relating to the installation and running of electric vehicle (EV) charge points across the estate in the UK and Germany and any investment in electric only vehicles	Installation of EV charge points to support the UK Government's Green Revolution plan and investment in electric only vehicles.	No. of EV charge points installed	
Renewable energy¹	Investment and expenditures relating to purchase of renewable energy across estate in the UK and Germany	Procurement of 100% renewable energy across our utility purchased Premier Inn and Restaurants estate including installation of photovoltaics (PVs) across suitable existing sites	Greenhouse gas emissions avoided (tCO ₂ e)	
Pollution prevention and control	Expenditures relating to reduction in waste to landfill through recycling	Waste management to reduce landfill and obtain a positive environmental benefit via recycling	Greenhouse gas emissions avoided (tCO ₂ e)	
Sustainable procurement				
Environmentally sustainable management of living natural resources and land use	Expenditures relating to procurement of sustainable timber	FSC and PEFC certified timber for fixtures, fittings and consumable products within the estate	% of fixtures, fittings and consumables suppliers that comply with timber policy	
	Expenditures relating to procurement of sustainable cotton	Use of sustainably sourced cotton (procured directly and through our laundry contracts) through the Better Cotton Initiative (BCI) or equivalent standard	% of certified materials sourced	
	Expenditures relating to procurement of sustainable fish to standards that protect aquatic biodiversity	Procurement of sustainable fish accredited to MSC or ASC standard	% of fish sustainably sourced	

¹ Whitbread acknowledges the concern relating to double counting the impact of renewable energy. Whitbread's electricity procurement contract allows for the move to power purchase agreements (PPAs) during the term of the contract. Whitbread intends to review moving to PPAs once the electricity demand is more certain post COVID effects on the business.



Allocation report



Allocation report

Process for project evaluation and selection

As outlined in Whitbread's Green Bond Framework, our intent was to allocate an amount equivalent to the net proceeds raised by the Green Bond issuance (£550m) on a best efforts basis to Eligible Green Projects:

- where investment has been made in the project within the 36-month period preceding the date of the relevant Green Bond issuance; and/or
- where the investment allocation of prospective projects is made within the 36-months of bond issuance.

With a broad framework of eligible projects, we identified priority projects for allocation, continuing the allocation strategy for FY21/22. The table below outlines allocation for FY22/23 and net allocation across the bond to date, with a breakdown of what was allocated to refinancing and what was allocated to financing.

ICMA Category for use of proceeds	Eligibility criteria	Relevant KPIs	UK/ Germany	Historic allocation (to FY21/22)	Allocation in FY22/23	Impact for FY22/23 allocation	Total allocation for FY22/23	Look-back allocation breakdown (refinancing)	Look-forward allocation breakdown (financing)
Green construction									
Green Buildings	Investment and expenditures relating to the properties built, fitted out to, or operated to BREEAM standards (Very Good or above), LEED (Platinum or above) or EPC (B or above)	Number (or %) of sites built, fitted out or operated to BREEAM Very Good standard or above, LEED Platinum or above or EPC B or above	UK	171	35	7 sites built, fitted out or operated to BREEAM Very Good standard or above, LEED platinum or above and EPC B or above	206	164	42
			Germany	28	0		28	28	0
Green operation									
Renewable energy	Expenditures relating to purchase of renewable energy across the estate	Greenhouse gas emissions avoided (tCO ₂ e)	UK	162	52	57,337 tonnes CO ₂ e avoided	214	114	100
			Germany	2	5		7	0	7
Pollution prevention and control	Expenditures relating to reduction in waste to landfill, via recycling	Greenhouse gas emissions avoided (tCO ₂ e)	UK	10	3	7,473 tonnes CO ₂ e avoided	13	8	5
Sustainable procurement									
Environmentally sustainable management of living natural resources and land use	Expenditures relating to procurement of sustainable timber	% of fixtures and fittings and timber/paper consumables suppliers that comply with timber policy	UK	8	2	100% of allocated spend on FSC/PEFC certified timber products	10	7	3
	Expenditures relating to procurement of sustainable fish to standards that protect aquatic biodiversity	% of fish sustainably sourced	UK	23	3	100% of allocated spend on MSC, ASC or equivalent certified fish	26	19	7
			Grand total £m	404	100		504	340	164



Allocation report continued

£46m therefore remains to allocate within the remainder of the term of **bond issuance** which will be allocated and reported in our final allocation report in FY23/24.

As per Whitbread's Green Bond Framework, we will temporarily apply these unallocated net proceeds in line with our internal Treasury Policy, including placing sums on deposit, investing in short-term instruments, or managing its liabilities by repaying other of its debt providing that we continue to maintain the capacity to allocate a sum equivalent to the net proceeds of any Green Bond towards Eligible Green Projects as described herein. To the extent it repays loans, it will not repay any loans which were used for heavily polluting or emission intensive activity.





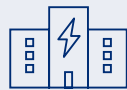
Impact report



Impact report

The impact metrics associated with the allocation of Green Bond proceeds were selected and outlined in Whitbread's Green Bond Framework. The following metrics demonstrate the positive environmental impact of projects funded by the Green Bond to the end of February 2023.

Impact FY22/23



7

sites constructed to high environmental standards*



64,810

tonnes CO₂e avoided through green operation



100%

of consumables and fish allocated against, procured to certified sustainable standards as outlined in our framework

Total impact from Green Bond allocation to date



47

sites constructed to high environmental standards



375,810

tonnes CO₂e avoided through green operation



100%

of consumables and fish allocated against, procured to certified sustainable standards as outlined in our framework

* Seven sites allocated against in FY, two of which are new this year (five sites had been allocated in part in previous year).



Case study – Green Buildings



Case study – Green Buildings

This year, we are allocating against the construction of seven hotels, including Premier Inn at Milton Keynes (Willen Lake). Two of these hotels are new to our allocation and five have been allocated against in part in last year's report.

Portsmouth (Port Solent) PI

Milton Keynes (Willen Lake)

Sandown IOW PI

Oxford PI (Greyfriars)

Portsmouth Queen St PI

Cribbs Causeway

London Farringdon hub

Premier Inn at Milton Keynes (Willen Lake) opened in June 2022, offering guests 120 of our latest format Premier Inn and Premier Plus bedrooms, with a Brewers Fayre destination restaurant next door.

The new-build hotel and restaurant was developed on a vacant greenfield site by Whitbread panel contractor Carter Lauren Construction to meet strong demand for Premier Inn rooms in the Milton Keynes catchment.

The hotel was designed to achieve a BREEAM 'Very Good' sustainability rating with a score of 58.7%. The building is expected to keep this rating at a post construction assessment, which is currently with the BRE for certification.



Of the nine categories making up the BREEAM assessment, the Willen Lake hotel and restaurant achieved a category score of more than 90% for energy, with management (86%), transport (67%) and pollution (58%) also scoring highly. With solar PVs on the roof and EV charge points in the car park to help our guests to be sustainable when they stay with us, it is a positive addition to our Green Building portfolio.

**BREEAM
assessment
scores**

90%
Energy

86%
Management

67%
Transport

58%
Pollution



Assurance statement



Independent Limited Assurance Report to the Directors of Whitbread Group Plc

This report is made solely for the use of The Board of Directors of Whitbread Group Plc (“Whitbread”) who engaged RSM UK Risk Assurance Services LLP to obtain limited assurance on the reported allocation of bond proceeds as described below and in Whitbread’s FY22/23 Green Bond Allocation Report covering the ten month period between 1 March to 31 December 2022.

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the report.

1.1 Our Limited Assurance Conclusion

Based on the procedures we have performed, as described under ‘Work undertaken’ and the evidence obtained, nothing has come to our attention that causes us to believe that the reported allocation of the bond proceeds as at the 31 December 2022 has not been prepared, in all material respects, in accordance with the assessment criteria set out in the Whitbread’s Green Bond Framework dated 28 January 2021 available

at <https://cdn.whitbread.co.uk/media/2021/02/12123307/green-framework.pdf>.

This conclusion is to be read in the context of what we say in the remainder of our report.

1.2 Approach

The scope of our work was limited to assurance over the reported allocation of bond proceeds as at 31 December 2022 in the Green Bonds Allocation Report and as set out in the table in Appendix A (Subject Matter Information). The Reporting Criteria against which the reported allocation of bonds proceeds was assessed are set out in Whitbread’s Green Bond Framework dated 28 January 2021.

1.3 Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’, and, in respect of the greenhouse gas emissions, in accordance with International

Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board.

A ‘limited assurance’ engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

1.4 Our independence and quality control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

1.5 Understanding reporting and measurement methodologies

The reported allocation of bond proceeds needs to be read and understood together with the Green Bond Framework, which Whitbread is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Green Bond Framework used for the reporting of the reported allocation of bond proceeds are for the ten-month period to December 2022.



Independent Limited Assurance Report to the Directors of Whitbread Group Plc continued

1.6 Work undertaken

We are required to plan and perform our work in order to consider the risk of material misstatement of the allocation of bond proceeds. In carrying out our limited assurance engagement, we:

- considered the suitability in the circumstances of Whitbread's use of the Green Bond Framework as the basis for the reported allocation of bond proceeds;
- through enquiries of Whitbread's management, including those with responsibility for bond governance, management, and reporting, obtained an understanding of Whitbread's control environment, processes, and systems relevant to the reporting of the allocation of bond proceeds;
- obtained Whitbread's internal working papers to which bond proceeds are allocated and checked whether this was consistent with the Green Bond Framework;
- performed limited substantive testing on a selective basis of the green bond allocation proceeds to check that the identified spend and impact Key Performance Indicators (KPI) were in line with the Green Bond Framework and had been appropriately measured, recorded, collated, and reported, including:

- inspecting a sample of certifications to check that the reported allocation was consistent with one of the standards identified in the allocation report;
- inspecting records maintained in Whitbread's financial reporting system to check the existence of project expenditure to reported information from the accounting system and to third-party data including a representative sample of invoices covering the allocated spend period;
- recalculating the impact KPI based on the methodology included in the Green Bond Framework;
- vouching emission factors used to independent external sources.
- inspected minutes of the Whitbread's Sustainable Finance Committee to check the allocated bond proceeds have been considered and approved; and
- considered the disclosure and presentation of the reported allocation of bond proceeds in the report.

1.7 Whitbread Group Plc's responsibilities

The Directors of Whitbread are responsible for:

- selecting or establishing suitable criteria for measuring or evaluating the reported allocation of bond

proceeds;

- ensuring that those criteria are relevant and appropriate for Whitbread and the intended users of the report;
- designing, implementing, and maintaining internal controls over information relevant to the preparation of the reported allocation proceeds that is free from material misstatement, whether due to fraud or error; and
- producing the report, including underlying information and a statement of Director's responsibilities, which provides accurate, balanced reflection of Whitbread's reported allocation of bond proceeds and discloses, with supporting rationale, matters relevant to the intended users of the report.

1.8 Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the reported allocation of bond proceeds is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

- reporting our conclusion to the Directors of Whitbread.

1.9 Use and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of Whitbread in accordance with the agreement between us, to assist the Directors in reporting sustainability performance and activities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Whitbread for our work or this report except where terms are expressly agreed between us in writing.

Signed

RSM UK Risk Assurance Services LLP

RSM UK Risk Assurance Services LLP

25 Farringdon Street, London,
EC4A 4AB

25th April 2023



Appendix A – the reported allocation of bond proceeds

The reported allocation of bond proceeds subject to limited assurance procedures is set out below. The Reporting Criteria set out in the 'Green Bond Framework' have been used to prepare and report the reported allocation of bond proceeds. This also explains the definitions and terminology used to describe the reporting criteria.

Eligibility criteria	KPIs	UK/ Germany	Reported total allocation to 31 Dec 2022	Total allocation to date	Reported KPI performance
Green construction					
Investment and expenditures relating to the properties built, fitted out to, or operated to BREEAM standards (Very Good or above). LEED (Platinum) or EPC (B or above) or DGNB Silver or above	Number (or percentage) of sites built, fitted out or operated to BREEAM (Very Good or above), LEED (Platinum), EPC (B or above) or DGNB (Silver or above)	UK	£35m	£206m	7 sites built, fitted out or operated to BREEAM Very Good standard or above
		Germany	£0m	£28m	
Green operation					
Expenditure relating to purchase of renewable energy across the estate	Greenhouse gas emissions avoided (tCO ₂ e)	UK	£52m	£214m	57,337 tonnes of CO ₂ e avoided
		Germany	£5m	£7m	
Expenditure relating to reduction in waste to landfill via recycling	Greenhouse gas emissions avoided (tCO ₂ e)	UK	£3m	£13m	7,473 tonnes of CO ₂ e avoided
Sustainable procurement					
Expenditure relating to procurement of sustainable timber	Percentage of fixtures and fittings and timber/paper consumables suppliers that comply with timber policy	UK	£2m	£10m	100% of allocated spend on FSC/PEFC certified timber products
Expenditure relating to procurement of sustainable fish to standards that protect aquatic biodiversity	Percentage of fish sustainably sourced	UK	£3m	£26m	100% of allocated spend on MSC, ASC or equivalent certified fish
		Total	£100m	£504	

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