

Whitbread Green Bond Framework

Based on the ICMA's Market Information Template for Green Bonds, the following structure will be followed:

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1. Sustainability at Whitbread – Force for Good

1.1 Introduction to Whitbread

Whitbread PLC is the owner of the Premier Inn brand of hotels, as well as restaurant brands, Beefeater, Brewers Fayre, Table Table and Bar + Block. Award-winning Premier Inn is the UK's biggest hotel brand, offering quality accommodation at affordable prices. Premier Inn is consistently rated the UK's Best Value Hotel Chain by YouGov. Whitbread employs around 30,000 people in over 1,200 Premier Inn hotels and restaurants across the UK.

Premier Inn has recently expanded significantly in Germany, both organically and through acquisition, including the acquisition of the Foremost Hospitality Group in February 2020. There are now around 30 open hotels in Germany, with around a further 40 in the pipeline. Our brand strength and sharp focus on markets where there is great opportunity for structural growth provides sustainable development potential for the business.

Our clear strategy is to drive sustainable, long term growth in the structurally attractive markets of the UK and Germany by focusing on the following three strategic priorities:

- a. Grow and innovate our core UK businesses
- b. Focus on our strengths to grow internationally
- c. Build the capability and platform to support future growth

This will lead to long term growth in earnings and dividends combined with strong return on capital.

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 equality. 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. Further information on Whitbread and our brands is available at:

<https://www.whitbread.co.uk/about-us>

1.2 Force for Good

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.

Each year we undertake a robust materiality process to inform our sustainability strategy, Force for Good, to ensure that our programme is relevant for all our stakeholders, our customers, staff, suppliers, our shareholders, and for the world around us. Force for Good is a shared responsibility within Whitbread, and only if we act together can we make the biggest difference. The individual elements of our programme are therefore owned by the relevant business function, to ensure the targets can be delivered in the most effective way.

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.



1.2.1 Our Sustainability Targets

2020 was a critical year for some of our historic targets, and we recognised that the demands of customers and broader society on businesses are evolving, therefore we have taken feedback from our guests, our teams, external stakeholders and from wider sustainability trends to identify which programmes and issues needed our focus and to reset our targets ensuring they are fit for our current business.

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 targets to reduce our carbon emissions intensity by 50% by 2025 and become net-zero by 2050 (we've already reduced our carbon emissions intensity by 39.8% since March 2018), 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, inclusion and wellbeing as core workstreams of our programme.

OUR TARGETS

- * Whitbread defines unnecessary single-use plastic as that which is used instantaneously as a one-off application and whose removal would not lead to unintended negative consequences, such as increased waste and CO2 emissions or safety issues.
- ** Our target for Great Ormond Street Hospital has been extended by 6 months due to the impact of closures across our business through the COVID-19 pandemic and the impact this has had on our fundraising

OPPORTUNITY	COMMUNITY	RESPONSIBILITY
<p>A team where everyone can reach their potential. No barriers to entry and no limitations to ambition.</p>	<p>Making a meaningful contribution to the customers and communities we serve.</p>	<p>Always operating in a way that respects people and the planet.</p>
<p>We will be for everyone, championing inclusivity across the organisation and improving diversity</p> <ul style="list-style-type: none">• We will actively seek to break down all barriers to entry and be an inclusive and representative prospective employer• Our people will feel represented and respected, no matter how they identify <p>We will have industry-leading training and development schemes</p> <ul style="list-style-type: none">• Through our apprenticeship programmes we will support people to find and develop their hospitality careers• We aim to promote internal succession above external recruitment and will support our teams in this endeavour• We will be bold about broadening career opportunities, supporting cross-functional and meaningful career development <p>Team member wellbeing will be considered in everything we do</p> <ul style="list-style-type: none">• We will listen genuinely to our teams, ensuring their views help inform decision making• We will support the physical and mental wellbeing of our teams	<p>We will make a positive contribution to the communities we serve</p> <ul style="list-style-type: none">• For every new site, we will donate our time to actively supporting local community activity <p>Working collaboratively with our teams and supply chain, we will support our charity partner to meet their mission</p> <ul style="list-style-type: none">• We will raise £20m for Great Ormond Street Children's Hospital by 2020** <p>We will support the wellbeing of our guests and customers</p> <ul style="list-style-type: none">• We will improve the nutritional value of our menu by continuing to reduce sugar, salt and calories and will continue to develop inclusive menus for customers with a range of dietary needs. We will do this in a responsible and transparent way whilst maintaining great taste, quality and value for money for our guests• We will strive to be a leader in our sector for delicious, appealing and healthier children's food	<p>We will source responsibly and with integrity</p> <ul style="list-style-type: none">• Human rights will be respected across our value chain• We will source to internationally recognised sustainable standards <p>We will reduce our environmental impact</p> <ul style="list-style-type: none">• We will eliminate unnecessary single-use plastic by 2025*• We will cut food waste by 50% by 2030• We will not send any waste to landfill• We will minimise water use across our business and champion water stewardship within high risk areas• We will be net zero by 2050 <p>We will always do business the right way</p> <ul style="list-style-type: none">• We will always operate with integrity and respect• We will always support our people and partners to do the right thing• We will always be honest and transparent in our communication• All of our team members will sign our code of conduct

1.2.2 Our Sustainability policies

Our sustainability programme is underpinned by a number of policies, governed by our core sustainability team, which outline the standards we commit to, and require our stakeholders to adhere to. More information on our policies and how each is managed can be found on our website at the following addresses:

<https://www.whitbread.co.uk/sustainability/policies/other-policies>

<https://www.whitbread.co.uk/sustainability/our-approach/responsibility/responsible-sourcing>

<https://www.whitbread.co.uk/investors/governance/non-financial-information>

1.2.3. Governance

Our sustainability strategy is developed and managed by our core sustainability team who work collaboratively with teams across the business and operation to drive progress towards our targets. The team reports 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 is governed.

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

We also propose to establish a specific committee to oversee the use of proceeds under the bonds. We will establish a Sustainable Finance Committee, chaired by the Group Finance Director. Other members of this Committee will be the General Counsel, the Group Commercial Director and Managing Director Premier Inn and Restaurants, and the Group Operations Director. The Committee will be supported by members of the sustainability team, the finance team, the property and construction team, and the procurement team, as appropriate. The Committee will meet not less than every six months.

1.2.4: 2020 - Our teams and community support during COVID

This year, the world has been tested and it remains crucial to us that we play our part in the battle against COVID-19, with our teams and our communities at the heart of our response. Whilst the rest of our estate was closed in line with official guidance during the first UK lockdown, we kept 39 hotels open to provide essential support to front-line workers. Colleagues volunteered to help our local communities, and we have donated over 500,000 meals to food banks and charities via the charity, FareShare. We decided to top up the pay for all of our staff who were on furlough, and our teams rose to the challenges presented to them throughout the year.

We also continued to fundraise for Great Ormond Street Hospital despite our sites being closed, raising over £700,000 during this difficult period. Since 2012, we have partnered with Great Ormond Street Children's Hospital and raised nearly £20m to help fund a new clinical building and sight and sound centre.

We also improved our Sustainability Programme, Force for Good, by setting even more stretching targets. We improved the net zero carbon emissions target during the pandemic, and have set eight different internal diversity and inclusion targets.

1.2.5: Sustainability disclosures and recognition

We strive to strike the right balance between clear disclosure on key indices that map to our material issues, whilst also not throwing the net too wide to duplicate reporting. Whitbread's results against the Dow Jones Sustainability Index (DJSI) for 2019 saw us placed second in our industry for the second year running. We report against the Carbon Disclosure Project (CDP), improving to an A- in this year's climate change submission, putting us in a Leadership position for our sector. We also hold a Sustainalytics ESG Risk Rating which rates us in the 'Low ESG Risk' category and places us in the top quartile of our Industry Group (Consumer Services). In the next financial year, we will be working towards providing a response to the Taskforce on Climate Related Financial Disclosures (TCFD) recommendations.

Further awards include a Lotus Award for Sustainability for the second year running for our Force for Good programme, FT Diversity Leaders award 2021 Premier Inn, Top Employers 2020 Whitbread, Learning and Performance Institute Onboarding programme of the year award 2020 Premier Inn,

National Apprenticeship Regional Awards Macro Employer Winner 2020 Whitbread, Professional Development Scheme of the Year 2018 Premier Inn and DGNB, Sustainable flagship building 2019 Premier Inn Germany, Newcomer of the Year Award MSC UK 2017, Good Egg Award Compassion in World Farming 2017.

2. Rationale for Issuance

Whitbread's focused sustainability programme has been in place for the last ten years. Our programme is now integrated and embedded into our organisation so that acting sustainably and responsibly is just part of how we operate. Continuing to strengthen that focus means embedding Force for Good further across our decision making. Our aim is therefore to ensure our financing supports, and is aligned to, our sustainability strategy, by raising a green bond.

3. Use of proceeds








In line with Green Bond Principles, 2018¹, an amount equivalent to the net proceeds of any Green Bond issued will be used to finance and / or refinance, in whole or in part, Eligible Green Projects as outlined in the "Eligible Green Projects" in table 1.

Whitbread intends to allocate an amount equivalent to the net proceeds raised by the Green Bond issuance on a best effort's 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.

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

Table 1: 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 and above), LEED (Platinum or above) or EPC (B or above) ²	Build and fit out of utility efficient buildings to BREEAM, or LEED or EPC standards as noted.	Number (or %) of sites built, fitted out or operated to BREEAM very good standard or above, LEED platinum or above and EPC B 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 (m3)	
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 (TCO2e)	
		Investment and expenditures relating to installation of electric cookers	Electrification of sites through electric cooker installation, removing gas usage	Greenhouse gas emissions avoided (TCO2e)	
		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 (TCO2e)	
	Clean transportation	Investment and expenditures relating to the installation and running of 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 Governments Green Revolution plan and investment in electric only vehicles.	No. of EV charge points installed	

² NB. EPC standard will be used in UK only

	Renewable energy	Investment and expenditures relating to purchase of renewable energy ³ across estate in the UK and Germany	Procurement of 100% renewable energy (certified from wind, solar or hydro origins) across our utility purchased PI&R estate including installation of PV across suitable existing sites	Greenhouse gas emissions avoided (TCO2e)	
	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 (TCO2e)	
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, ASC or equivalent standard	% of fish sustainably sourced	

³ Whitbread acknowledges the concern relating to double counting the impact of renewable energy. Whitbread commits to the renewal of its existing short-term contracts on the same sustainability terms, continuing its commitment to renewable energy. Whitbread's electricity procurement contract allows for the move to 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.

4. Process for project evaluation and selection

Whitbread's core sustainability team, working collaboratively with the relevant project teams across the organisation have selected the Eligible Green projects as outlined above.

Whitbread proposes to set up a specific committee to oversee the use of proceeds raised by the issuance of the Green Bond. The Whitbread Sustainable Finance Committee will be chaired by the Group Finance Director. Other members of this Committee will be the General Counsel, the Group Commercial Director and Managing Director Premier Inn and Restaurants, and the Group Operations Director. The Committee will be supported by members of the sustainability team, the finance team, the property and construction team, and the procurement team, as appropriate. The committee will meet not less than every six months.

The Whitbread Sustainable Finance Committee will be responsible for final approval of:

- a) Annual updates to the framework
- b) 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

Selected projects may include planned projects, projects in execution or completed projects for which financing was used not earlier than 36 months prior to the issuance of the relevant Green Financing Instrument.

5. Management of proceeds

The net proceeds under the Green Bond Framework will be allocated by Whitbread's Finance Department, who will establish a register tracking all investments in the Eligible Green Projects.

Deductions will be made from the sustainability portfolio by an equivalent amount corresponding to the financing, refinancing, investment or expenditure of Eligible Green Projects.

Whitbread will temporarily apply any unallocated net proceeds in line with its 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 it continues 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.

The Company intends to fully allocate the proceeds within the term of the bond issuance.

6. Reporting

In order to be fully transparent towards the Green Bond investors and other market stakeholders, Whitbread will monitor the use of proceeds and will report both allocation updates and impact to investors annually. This report will be made public on our company website and will be included in

any future ESG reports (both within the public domain) on project category allocations and impacts until proceeds are fully utilised for Eligible Green Projects.

The report will set out:

- Annual reporting on the allocation of net proceeds and more specifically Whitbread will report on:
 - The aggregated amount of allocation of the net proceeds to the Eligible Green Projects at category level;
 - The proportion of net proceeds used for financing versus refinancing; and
 - The balance of any unallocated proceeds invested in cash and/or cash equivalents
- Where feasible, Whitbread will report on an annual basis on a number of environmental impact metrics directly associated with the projects (see table 1).

7. External Review

Whitbread will obtain a second party opinion from Sustainalytics to confirm the alignment of this Framework with the Green Bond Principles, and assessing its environmental added value. The second party opinion will be available on the Sustainalytics website.

The annual report on bond allocation and impact will be reviewed by an independent third party.

8. Disclaimer

This document may contain forward-looking statements that may or may not prove accurate. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements.

Any forward-looking statement is based on information available to Whitbread (the "Company") as of the date of the statement. All written or oral forward-looking statements attributable to the Company are qualified by this caution. The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in the Company's expectations.

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