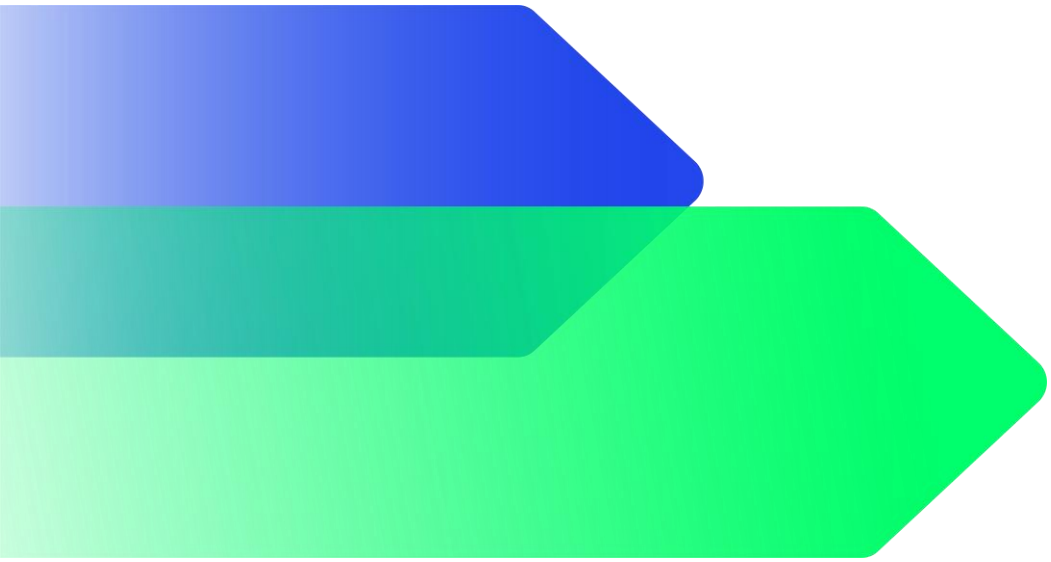
CARBON TRUST

SECOND PARTY OPINION CONCERNING

Compass Group PLC Sustainable Financing Framework, July 2022

July 2022



Prepared by:

Carbon Trust Assurance Ltd

4th Floor
Dorset House
27-45 Stamford Street
London, SE1 9NT

Prepared for:

Compass Group PLC

Compass House, Guildford Street,
Chertsey, KT16 9BQ

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The External Reviewer's Opinion

Terms of Engagement and Scope

Carbon Trust Assurance Limited (the "**External Reviewer**") has been commissioned by Compass Group PLC ("**Compass Group**") as an independent external reviewer to provide a Second Party Opinion ("**SPO**") on the alignment of the Compass Group PLC Sustainable Financing Framework July 2022 (the "**Framework**"), with the International Capital Markets Association's ("**ICMA**") ICMA Sustainability Bond Guidelines (June 2021) ("**SBG**"), with reference to the ICMA 'Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds' ("**GBP**") (June 2021) and ICMA 'Social Bond Principles, Voluntary Process Guidelines for Issuing Social Bonds' ("**SBP**") (June 2021), APLMA/LMA/LSTA Green Loan Principles ("**GLP**") (February 2021) and APLMA/LMA/LSTA Social Loan Principles ("**SLP**") (April 2021).

The Compass Group Framework provides a forward-looking framework for issuing Green, Social and/or Sustainability Bonds ("**Thematic Bond Issuances**") and Green and Social Loans ("**Thematic Loans**"), which is the scope of this External Review. This Framework may also be used to guide other forms of financing including, but not limited to, Private Placements, Revolving Credit Facilities, Bank Loans and Commercial Paper (together with bonds, "**Sustainability Financing**"); these other forms of financing are not considered by the External Review.

In the capacity of an Independent External Reviewer, the Carbon Trust's role has been to undertake an external review and provide a Second Party Opinion, as contemplated by the ICMA 'Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews' (February 2021).

To provide this SPO, the External Reviewer reviewed relevant documents and held conversations with Compass Group management to understand the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting aspects of its proposed Green Issuances against the Framework, as well as the sustainability strategy of Compass Group as a whole.

No opinion or assurance is provided regarding the financial performance of any Thematic Bond/Loans or the value of any investments in such Thematic Bond/Loans, or any asset deriving value from the Thematic Bond/Loans issued against the Framework. The External Reviewer's objective has been to provide an opinion on whether the Framework aligns with the criteria described in the basis of opinion set out below.

Carbon Trust Second Party Opinion Statement

ICMA GBP and SBP APLMA/LMA/LSTA GLP and SLP Core Components and Key GBP/SBP Recommendations	Based on the work undertaken and the evidence provided by Compass Group PLC, the External Reviewer believes that the **Compass Group PLC Sustainable Financing Framework July 2022** and the related Procedures (as defined below) aligns with all requirements of the core components of the ICMA GBP and SBP (June 2021) and APLMA/LMA/LSTA GLP (February 2021) and SLP (April 2021): • Use of Proceeds • Process for Project Evaluation and Selection • Management of Proceeds

- Reporting

This SPO shall be read in the context of the 'Basis of the Second Party Opinion', the inherent limitations of the 'Procedures', the respective responsibilities of the parties to the 'Second Party Opinion Statement', and this statement's intended use.



Hugh Jones, Managing Director,
Carbon Trust Assurance Limited

07/07/2022

Carbon Trust Assurance Limited, London
Email: info@carbontrust.com

This second opinion statement ("SPO") is given by Carbon Trust Assurance Limited ("CT") and is addressed solely to Compass Group PLC in accordance with the terms of the engagement contract between CT and Compass Group PLC. Those terms permit disclosure to certain other parties as set out therein and by publication on the website of the International Capital Markets Association Green Bond Resource Centre (the "GBRC") and/or Compass Group PLC, solely for the purpose of enabling Compass Group PLC to show that it has obtained a second opinion as contemplated by the GBP and the SBP in connection with the Sustainable, Green and Social Bond Issuances ("Thematic Bond Issuances"), and the GLP and SLP in connection with the Green and Social Bond Issuances ("Thematic Loan"). We have not considered the interest of any other party in the Opinion. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any other party for our work, for this statement or for the conclusions we have reached. CT will not accept any form of liability for the substance of the Opinion and/or any liability for damage arising from the use of the SPO and/or the information provided in it. As the SPO is based on information made available by Compass Group PLC, CT does not warrant that the information presented in this SPO is complete, accurate or up to date. Nothing contained in this SPO shall be construed as to make a representation or warranty, express or implied, regarding the advisability of investing in any securities or any asset whose value is derived from any securities. Any person other than Compass Group PLC, who obtains access to the SPO or a copy thereof and chooses to rely on it will do so at its own risk. Furthermore, this SPO shall in no event be interpreted and construed as an assessment of the economic performance and credit-worthiness of Compass Group PLC or the Thematic Bonds and/or Loans. The performance of Compass Group PLC and the Thematic Bonds and/or Loans are outside the scope of CT's engagement. We have consented to the inclusion of the SPO on the GBRC or in such other manner as ICMA shall from time to time use for making second opinions rendered in respect of Thematic Bonds and/or Loans available to the public. We reserve the right to withdraw such consent at any time.

No part of the SPO may be reproduced, transmitted or (other than as set out above) published in any form or by any means without the prior written permission of CT.

Nothing in this SPO is intended, or should be construed, as commentary on whether or not any Green Issuance is, or is suitable for in a portfolio to support, a sustainable investment for the purposes of EU Regulation 2019/2088 (the Sustainable Finance Disclosure Regulation, "SFDR") or that they pursue environmentally sustainable objectives within the meaning of Regulation (EU) 2020/852 1 (Taxonomy Regulation) or similar law or regulation in any jurisdiction.

Summary of Key Findings of the External Review

Summary Characteristics of Compass Group Framework July 2022

Table 1 Green and Social Project Categories the Framework maps to

Social Project Categories mapped to		Environmental Project Categories mapped to	
	Socioeconomic Advancement & Empowerment		Clean transportation
	Food Security and sustainable food systems		Pollution prevention and control
	Access to Healthy Food		Environmentally sustainable management of living natural resources and land use

Table 2 Key Framework attributes

Attribute	Framework detail
Look Back Period	Maximum of 36 months
Potential Impact Metrics	**Green:** > Environmentally sustainable management of living natural resources and land use • % of goods purchased from certified sustainable sources • Breakdown of type of label / certification > Pollution Prevention and Control • Reduction in spend on single use plastic • Tonnes of plastic reduced • % food waste reduction > Clean Transportation • GHG emission reduction • % of vehicles leased that are electric and/or hybrid **Social:** > Socioeconomic Advancement & Empowerment • % of certified ethically traded coffee and tea, or total coffee and tea spend • % of spend on supporting local communities and the sustainable supply chain • Breakdown of type of label / certification > Food Security • Number of meals donated to vulnerable members of local communities
Geography	Global, with a focus in Compass Group's core markets, including UK

Link to Framework	The Framework is uploaded in Compass Group website (http://www.compass-group.com) in the Investors section.

Alignment with ICMA Sustainability Bond Guidelines (June 2021)

As defined in the ICMA SBG (June 2021), "Sustainability Bonds are aligned with the four core components of both the GBP and SBP with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects." The External Review has assessed the alignment of the Framework respectively with the ICMA GBP (June 2021) and ICMA SBP (June 2021).

For each Core Component and Key Recommendation, the doughnut chart assesses how each of the sub-criteria scored.

Alignment with APLMA/LMA/LSTA Green Loan Principles (February 2021) and Social Loan Principles (April 2021)

This section summarises the key results of the External Review concerning the Framework, in respect of the specifications of the GLP (February 2021) and SLP (April 2021) Core Components[1].

For each component, the doughnut chart assesses how each of the sub-criteria scored according to the key provided.

GBP and SBP Core Components

This section summarises the key results of the External Review concerning the Framework, in respect of both required specifications and recommended specifications[2] (Core Components[3]) of both. Detailed findings can be found in Appendix 1.

[1]The four Core components of the GLP and SLP are: Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds

[2] The External Review differentiates between specifications identified in the GBP/SBP as "recommend" and "encourage", as compared to "should". The latter is identified as required specifications, and the former as recommended specifications. The External Review approach identifies recommended aspects that are met, as 'going beyond requirements' and recommended aspects that are not met, as meeting requirements but with opportunity for enhancement. Additional opportunities for enhancement may also be identified.

[3] The four Core components of the GBP/SBP are: Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds; Reporting. The Key Recommendations – Green Bond Frameworks and Key Recommendations – External Reviews included in GBP/SBP (June 2021) are outside of the four Core components.

Table 3 Summary of External Review key findings on the alignment of the Framework with ICMA GBP (June 2021) and ICMA SBP (June 2021) – Core Components

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP core component	Component aspects ratings	External Review result summary
Core component **Use of Proceeds**		✓ The Framework describes the eligible Green and Social expenditures expected to be included in the Bond, which are mapped to listed ICMA Project Categories and the UN SDGs. ✓ Both financing and refinancing is supported, for eligible green and social expenditure with a look-back period of 36 months prior to Thematic Bond Issuance. ✓ Compass Group has a Sustainable Financing Working Group that works with the Treasury Management Committee to review all reporting obligations are met. **In the External Reviewer's opinion, Compass Group process concerning Use of Proceeds meet the requirements of the GBP/SBP Principle One – Use of Proceeds.**
Core component **Process for Project Evaluation and Selection**		✓ Compass Group has documented, evidenced, and communicated the governance structure and process for selection, fit and eligibility evaluation of assets. ✓ Clear environmental and social objectives for expenditures and example projects are defined in the Framework. ✓ Compass Group has aligned the objectives of the Framework to the sustainability strategy, policy and internal procedures of the Group. ✓ Compass Group has established a Sustainable Financing Working Group (SFWG) including senior representatives from relevant business functions. The SFWG is responsible for assessing project eligibility and allocation of proceeds for proposed eligible projects for Thematic Issuances and will maintain accountability of such projects and undertake reporting against the Sustainable Financing Framework, as set out in the Framework. ⚑ The Framework defines eligible expenditures as aligned with Compass Group's Sustainability Strategy and internal documentation. By reference, this outlines certification needed for some products to support eligibility. However, expenditure definitions are not definitive for all products

		covered by the Use of Proceeds scope, which is a gap and a recommendation for improvement. **In the External Reviewer's opinion, Compass Group process for project evaluation and selection meet the requirements of the GBP/SBP Principle Two – Process for Project Evaluation and Selection.**
Core component **Management of Proceeds**		✓ The portfolio nominal value is intended to match or exceed Thematic Bond Issuance net proceeds, and any unallocated balance is to be maintained in Compass Group's treasury liquidity portfolio. The proceeds of the Thematic Bonds will be managed in an aggregated basis. ✓ The Framework defines that Thematic Bond Issuance net proceeds and allocations will be tracked in an appropriate manner, principally through the use of spreadsheets, to be reported to the Sustainable Financing Working Group (SFWG). ✓ The aforementioned process has been included in the ToR of the Treasury Management Committee. **In the External Reviewer's opinion, Compass Group approach to management of proceeds as set out in its Framework and Processes, meets the requirements of the GBP/SBP Principle Three – Management of Proceeds.**
Core component **Reporting**		✓ Compass Group will make and keep readily available reporting, covering the allocation of net proceeds to the portfolio of Eligible Sustainability expenditures and, wherever feasible, reporting on the impacts of the portfolio of Eligible Sustainability expenditures. ✓ External reporting to be published online aligned to annual reporting cycles, from full allocation of net proceeds and annually thereafter, as appropriate. ⚑ Through the internal Sustainability Reporting Document[4], Compass Group gathers information from suppliers that is utilised for impact reporting. Compass Group does not presently utilise impact reporting templates aligned to those provided in the ICMA *Harmonised Framework for Impact Reporting for Green Bonds/Social Bonds*. It is encouraged to align the Sustainability Reporting document to all use of proceeds categories, in terms of these ICMA guidelines.

[4] Compass Group Sustainability Reporting Document 2021 (SOFI)

		In the External Reviewer's opinion, Compass Group approach to reporting as set out in its Framework and Procedures is in accordance with the requirements of the GBP/SBP Principle Four – Reporting.

Key recommendations

This section summarises the key information of the External Review concerning the Framework, in respect of recommended specifications of the GBP (June 2021) Key components[5]; being as set out in GBP (June 2021) Appendix II for Financial Instrument Guidance. The Issuer's alignment with the Key recommendations are considered recommended aspects[6].

Table 4 Summary of External Review key findings on the alignment of the Framework and Green Issuances with ICMA GBP (June 2021) – Key recommendations

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

Key recommendation **Green/Social Bond Frameworks**		✓ Compass Group complies with the Key Recommendations made for Green Bond Frameworks and Social Bond Frameworks, aligning with four core components of the GBP/SBP. ⚑ It is recommended that any green projects that under the framework work towards a net zero strategy are assessed in line with guidance from the ICMA 'Climate Transition Finance Handbook'. ⚑ It is recommended that in the future, relevant taxonomies are taken into account for selection of project and eligible expenditures. **In the External Reviewer's opinion, Compass Group Framework and Processes meet the recommended requirements of the GBP/SBP Key Recommendation – Framework.**
Key recommendation **External Reviews**		✓ The Compass Group Sustainable Financing Framework has been reviewed by the Carbon Trust. ✓ The SPO as well as the Sustainable Financing Framework will be made available to investors on https://www.compass-group.com/en/investors.html. **In the External Reviewer's opinion, Compass Group's Framework and Process for reporting meets the requirements of the GBP/SBP Key Recommendation – External Review.**

[5] The Key recommendations pertain to Bond Frameworks and External Reviews and are evaluated as recommended aspects of the GBP/SBP (June 2021), outside of the four Core components.

[6] Where Compass Group does not undertake the recommended practices, these are not identified as areas of non-alignment, but as meeting requirement but with opportunities for enhancement. Should Compass Group undertake these practices, these are identified as going beyond specification – this is consistent with the approach to External Review of the Core Components.

GLP and SLP Core Components

This section summarises the key results of the External Review concerning the Framework, in respect of both required specifications and recommended specifications[7] (Core Components[8]) of both. Detailed findings can be found in Appendix 2.

Table 5 Summary of External Review key findings on the alignment of the Framework with the GLP (February 2021) and SLP (April 2021) – Core components

Key *Meets and goes beyond requirements* *Meets requirements* *Does not meet requirements* *Not relevant / applicable to the Issuer and/or External Review* *Opportunity for enhancement*

GLP/SLP core component	Component aspects ratings	External Review result summary
Core component **Use of Proceeds**		✓ Compass Group has described the utilisation of loan proceeds for green/social projects in the framework. Specifics related to transactions are to be captured in pertinent finance documents. ✓ All designated green expenditures provide environmental benefits, and this is through three streams: Environmentally sustainable management of living natural resources and land use, Pollution Prevention and Control and Clean Transportation ✓ All designated social expenditures provide social benefits, and this is through three streams: Socioeconomic Advancement & Empowerment, Food Security and Access to Healthy Food. ✓ Eligible green/social assets are qualified for refinancing without a specific look-back period, provided it satisfies the eligibility criteria; eligible green operating expenses qualify for refinancing with a maximum of a three-year look-back period before the refinancing date. ✓ Compass Group will provide a breakdown of total facilities for the proposed green/social project(s), and specify whether loan proceeds will take the form of one or multiple tranches

[7] The External Review differentiates between specifications identified in the GBP/SBP as "recommend" and "encourage", as compared to "should". The latter is identified as required specifications, and the former as recommended specifications. The External Review approach identifies recommended aspects that are met, as 'going beyond requirements' and recommended aspects that are not met, as meeting requirements but with opportunity for enhancement. Additional opportunities for enhancement may also be identified.

[8] The four Core components of the GBP/SBP are: Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds; Reporting. The Key Recommendations – Green Bond Frameworks and Key Recommendations – External Reviews included in GBP/SBP (June 2021) are outside of the four Core components.

		In the External Reviewer's opinion, Compass Group process for use of proceeds is in accordance with the requirements of the GLP/SLP Principle One – Use of Proceeds
Core component **Process for Project Evaluation and Selection**		✓ Compass Group clearly communicate (i) their environmental sustainability objectives; (ii) the process by which they determine how its projects fit within the eligible categories; (iii) the related eligibility criteria through the Sustainability working Group ✓ Compass Group positions the previous information within the context of their overarching objectives, strategy, policy and/ or processes relating to environmental sustainability's relating to identifying and managing environmental benefits and risks ✓ Compass Group aligns green expenditures to relevant ISO certifications. **In the External Reviewer's opinion, Compass Group process for project evaluation and selection is in accordance with the requirements of the GLP/SLP Principle Two – Process for Project Evaluation and Selection**
Core component **Management of Proceeds**		✓ Compass Group will credit the proceeds of a green loan into a dedicated account or otherwise tracked in an appropriate manner. ✓ Compass Group has policies and procedures to enable tracking of the allocation of funds towards the green projects and monitor and evaluate on an on-going basis ✓ Compass Group addresses in the framework that in the event where financing instrument takes the form of one or more tranches each green/social tranche(s) will be tracked by Compass Group appropriately. **In the External Reviewer's opinion, Compass Group process for management of proceeds is in accordance with the requirements of the GLP/SLP Principle Three – Management of Proceeds**
Core component **Reporting**		✓ Compass Group will maintain readily available up to date information on the use of proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments. ✓ The Framework sets out recommended impact metrics which include both qualitative and quantitative performance

		indicators; borrowers are required to disclose the key underlying methodology and/or assumptions used in the quantitative determination. ✓ Compass Group is are expected to disclose performance against impact metrics on an annual basis. ✓ The Framework addresses that where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, it is presented in generic terms or on an aggregated project portfolio basis to the institutions participating in the loan. **In the External Reviewer's opinion, Compass Group process for reporting is in accordance with the requirements of the GLP/SLP Principle Four – Reporting**

Basis of the Second Party Opinion

Purpose of the External Review and this Report

Context

Compass Group PLC ('Compass Group') is a global food and support services through a portfolio of B2B brands. The group operates across 45 countries, employs and engages approximately 480,000 people and serves over 5.5 billion meals per year. The company specialises in providing food and support services across five core sectors: Business & Industry, Healthcare & Seniors, Education, Sports & Leisure, and Defence, Offshore & Remote.

Compass Group's objective is to be a socially and environmentally responsible organisation. The Compass Group PLC Sustainable Financing Framework July 2022 reflects the means by which the company's activities help deliver social and environmental benefits for clients, consumers, employees, and the wider society.

The Compass Group intends to issue Green, Social and/or Sustainability Bonds, as well as other types of financing, in alignment with international good practice, underpinned by its Sustainable Financing Framework, which sets guidance for use of proceeds Thematic Bonds and other financing instruments.

Compass Group PLC appointed Carbon Trust Assurance, as a suitably qualified and experienced independent external review service provider, to conduct an External Review and provide a SPO regarding the Sustainable Financing Framework's alignment with the ICMA SBG (June 2021), in terms of the GBP (June 2021) with respect environmental impact, ICMA SBP (June 2021) with respect social impact. In addition to the LMA Green Loan Principles (February 2021) and Social Loan Principles (April 2021).

The GBP, SBP, GLP and SLP are a set of voluntary process guidelines for issuing Green/Social Bonds and Green/Social Loans that "enable capital-raising and investment for new and existing projects with environmental and social benefits".

The External Reviewer's role in reviewing the Framework was to provide a second party opinion as contemplated by the GBP, SBP, GLP and SLP.

Basic information

Issuer names: Compass Group PLC

Issuer Green Bond Framework Name: The Sustainable Financing Framework

Green/Social Issuances ISIN: n/a

Sustainability standard applicable: ICMA Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds (June 2021); ICMA Social Bond Principles, Voluntary Process Guidelines for Issuing Social Bonds (June 2021); ICMA Sustainability Bond Guidelines, Voluntary Process Guidelines for Issuing Sustainability Bonds (June 2021), APLMA/LMA/LSTA Green Loan Principles (February 2021) and APLMA/LMA/LSTA Social Loan Principles (April 2021)

Role of Independent External Review Provider

☒	**Second Party Opinion**	☐	**Certification**
☐	Verification	☐	Scoring/Rating
☐	Other *(please specify)*: n/a		

Scope of Review

The review assessed the following elements and confirmed their alignment with the GBP:

☒	**Use of Proceeds**	☒	**Process for Project Evaluation and Selection**
☒	**Management of Proceeds**	☒	**Reporting**

Publication of the External Review

The full version of the Second Party Opinion and associated documents will be available on Compass Group's website in the investors section.

Applicable standards concerning the External Review

ICMA Green Bond Principles, GBP (June 2021) and Social Bond Principles, SBP (June 2021), ICMA Sustainability Bond Guidelines, SBG (June 2021), APLMA/LMA/LSTA Green Loan Principles (February 2021) and Social Loan Principles (April 2021)

Compass Group has established the Framework to underpin the Green/Social Issuances and provide evidence that they are structured to meet the principles and criteria laid out in, the Sustainability Bond Guidelines (SBG), the Green Bond Principles (GBP), the Social Bond Principles (SBP), Green Loan Principles (February 2021) and Social Loan Principles (April 2021)

The GBP and SBP are a set of voluntary process guidelines for issuing green bonds and social bonds; a green bond being a type of bond instrument "exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects", the latter being "projects that contribute to environmental sustainability". On the other hand, a social bond is a type of bond instrument "where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects." These principles are each comprised of four Core Components and two Key Recommendations. It is against these guidelines that the External Reviewer has reviewed the alignment of the Framework (July 2021) and the related supporting documentation.

The GLP and SLP provides voluntary recommended guidelines for issuing green loans and social loans; a green loan being "any type of loan instrument created exclusively to finance or re-finance, in whole or in part, new and/ or existing eligible green projects." And a social loan being "any type of loan instrument created exclusively to finance or re-finance, in whole or in part, new and/ or existing eligible social projects"

Management Responsibility

The Issuer is responsible for the following (the "**Procedures**"):

- Defining its objectives, strategy, policy and/or governance and management processes relating to environmental sustainability.
- Maintaining suitable processes for identifying and managing environmental and social risks and impacts of operations, projects and/or assets.
- Designing, implementing, and maintaining internal controls relevant to the preparation of the Thematic Bond and Loans that are free from material misstatement, whether due to fraud or error.
- Selecting and/or developing a suitable Framework to underpin the issuance and management of the Thematic Bond and Loan.
- Developing suitable eligibility criteria and process for selecting investments.
- Maintaining suitable processes for identifying and managing environmental and social risks associated with use of proceeds.
- Reporting relevant information on the use of proceeds.
- Maintaining alignment with the ICMA GBP and SBP; and APLMA/LMA/LSTA GLP and SLP criteria.

External Reviewer Responsibility

The External Reviewer's responsibility is to plan and perform work to form an opinion on whether the Framework for the Thematic Bond and Loans has been prepared in accordance with the principles of the GBP, SBP, GLP, SLP, as described in the 'Basis of Opinion', and to report to the Issuer in the form of a 'Second Party Opinion' based on the work undertaken and the evidence obtained.

The External Reviewer has not performed any work, and does not express any conclusion regarding the ongoing effectiveness of the application of the Procedures.

Assurance Standards

The type of External Review undertaken is a Second Party Opinion as identified in the GBP and SBP. The Carbon Trust's services are aligned to the ICMA '*Guidelines for Green, Social and Sustainability Bonds External Reviews*' (February 2021). The Second Party Opinion concerns the Framework. The External Reviewer has reviewed the Framework to confirm alignment with the four Core Components of the GBP, SBP, GLP and SLP as set out in the Basis of Opinion.

The External Reviewer has worked in accordance with its assurance methodology which is based on the International Standard on Assurance Engagements 3000 ("ISAE 3000") (Revised), **noting that this Second Party Opinion is not an assurance opinion in accordance with ISAE 3000 (Revised)**.

The External Reviewer's Competence and Independence

Who we are

Established in 2001, the Carbon Trust works with businesses, governments and institutions around the world, helping them contribute to, and benefit from, a more sustainable future through carbon reduction, resource efficiency strategies, and commercialising low carbon businesses, systems and technologies.

The Carbon Trust:

- works with corporates and governments, helping them to align their strategies with climate science and meet the goals of the Paris Agreement;
- provides expert advice and assurance, giving investors and financial institutions the confidence that green finance will have genuinely green outcomes; and
- supports the development of low carbon technologies and solutions, building the foundations for the energy system of the future.

Headquartered in London, the Carbon Trust has a global team of over 200 staff, representing over 30 nationalities, based across five continents.

Competence and credentials

The Carbon Trust is a leader in the evaluation and certification of sustainability and environmental frameworks, practices and projects, providing an independent point of view to help on the decision-making in connection with Green Bonds and Sustainability Bonds.

The Carbon Trust is an Observer to the ICMA Principles approved by the Secretariat as contemplated in the Governing framework Section 4.2 (https://www.icmagroup.org/green-social-and-sustainability-bonds/governance-framework/) and provides regular inputs to updates and other matters put to public comment by ICMA with regards the Principles. Since October 2020, the Carbon Trust has been nominated to sit on the ICMA GBP and Social Bond Principles (SBP) Advisory Council.

With regards Green Bonds for which the primary objectives for underlying projects is climate change mitigation and/or climate change adaptation, the Carbon Trust is an approved *Climate Bonds Initiative* verifier for carrying out Green Bond assessments and verifications under the *Climate Bonds Standard* methodology, which has incorporated the *Green Bond Principles*. Consult: https://www.climatebonds.net/standards/assurance/approved-verifiers.

The Carbon Trust evaluates its competency and suitability to perform the External Review given the objective, scope of the work and the particulars of the thematic financial instrument and eligible assets and projects. The Carbon Trust ensures the selection of appropriate professionals to carry out the work in order to give this Second Party Opinion Statement, based on their qualifications, training and experience. This includes the combination of multidisciplinary teams as appropriate, including team members with suitable financial expertise and environmental and sustainability expertise as required.

Independence and conflict of interest policy

The Carbon Trust's commitment to impartiality and quality assurance is established in policies, procedures and management structure. We, the Carbon Trust, maintain our independence from our clients and objectivity with regards to engagements, by maintaining, and adhering to appropriate governance processes that reflect industry best practice for assurance and independent review services. We evaluate potential conflicts and threats to our independence and objectivity, introduce suitable mitigants where these are relevant, and represent to the Bond Issuer concerning these issues.

The outcome of all verification and certification assessments is internally reviewed by senior management to ensure that the approach is rigorous and transparent. We have undertaken this Independent External Review guided by the fundamental ethical and professional principles of integrity, objectivity, professional competence, due care, appropriate confidentiality and professional behaviour throughout.

External Review procedures

The Carbon Trust planned and performed the work to obtain all the information and explanations considered necessary to provide a basis for its opinion. The Carbon Trust's work included, but was not restricted to, the following activities:

- Reviewing Compass Group's positioning of the related documents and related information in context of overarching objectives, strategy, policy and other processes relating to environmental, social and sustainability matters as relevant.
- Evaluating Compass Group Framework and eligibility criteria for Thematic Bonds / Loans against the four Core Components of the GBP and SBP (June 2021) and GLP (February 2021) and SLP (April 2021), including the analysis of the procedures and approach to use and management of the proceeds, the eligibility criteria and the process for project selection, as well as the reporting aspects of Thematic Bonds / Loans.
- Reviewing Compass Group's processes to identify and manage environmental and social risks and impacts, and manage risk mitigants effectively.
- Evaluating the environmental and social benefits and impact targeted by the eligible green and social projects, and the potentially material environmental and social risks associated with the eligible green and social projects, to be financed by the Green and Social Issuances.
- Reviewing the relevance and materiality of selected key performance measures identified by the Issuer, including against the guidance provided by the ICMA 'Handbook for Harmonised Framework for Impact Reporting' (June 2021), as well as the anticipated reliability of impact monitoring methodologies reported by Compass Group.
- Reviewing the Issuer Documentation implemented by the Issuer in relation to the Green Issuances and assessing the suitability of the Procedures.
- Interviewing relevant personnel of Compass Group to understand the key related processes, systems, controls, both current and committed, and related documentation.
- Interviewing relevant personnel of Compass Group to assess compliance with the Framework and the implementation of associated policies and procedures.
- Preparation of the SPO, incorporating the findings, conclusions and relevant information gathered during the evaluation process.

Relevant documentation

Issuer documentation

The following information and documents, provided by the Issuer, have been reviewed in order to form the basis of the SPO (the "Issuer Documentation"):

- Compass Group PLC Sustainable Financing Framework (July 2022)
- Compass Group - Sustainability Reporting 2021 (SOFI)
- Compass Group Sustainability Report 2020

Other documentation

- ICMA Sustainability Bond Guidelines (June 2021)
- ICMA Social Bond Principles (June 2021)
- ICMA Green Bond Principles (June 2021)
- ICMA Handbook for Harmonised Framework for Impact Reporting (June 2021)
- APLMA/LMA/LSTA Green Loan Principles (February 2021)
- APLMA/LMA/LSTA Social Loan Principles (April 2021)

Limitations of the External Review

Given that our External Review work (in relation to the Scope) was undertaken at pre-issuance stage, our procedures have been confined to the reviewer activities set out in this document, and did not evaluate any Thematic Bonds and loans or individual eligible projects to be financed. We did not perform assessments on data and information beyond the defined scope and reviewer activities as defined in this Report.

While the Framework is intended by Compass Group to be used for Thematic Bonds and Loans as well as to guide other forms of financing including, but not limited to, Private Placements, Revolving Credit Facilities, Bank Loans and Commercial Paper (together with bonds, 'Sustainability Financing'); these other forms of financing are not considered by the External Review and the review did not include an assessment of alignment with sustainable financing standards or principles other than those described in The Basis of Opinion.

Aspects of the Framework support the Issuer towards implementing its Net Zero strategy. The External Review did not review the Framework alignment with the ICMA 'Climate Transition Finance Handbook'.

The Second Party Opinion Statement is based on information and data available, and the results of our assessment carried out, on or before the 8th July 2022 and no further information and data subsequent to that date was considered or further assessment carried out.

Appendix 1: Detailed External Review in line with the ICMA Green and Social Bond Principles (June 2021)

Set out below are our component specific findings and statements in relation to each of the four ICMA GBP and SBP core components and the two recommendations, as they relate to the Framework. These are integrated with the suggested ICMA template.

1.1. Principle One – Use of Proceeds

1.1.1. Overview

Table 6 Use of proceeds categories as per GBP

☐	**Renewable energy**	☐	**Energy efficiency**
☒	Pollution prevention and control	☒	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☐	Sustainable water and wastewater management	☐	Climate change adaptation
☐	Eco-efficient and/or circular economy adapted products, production technologies and processes	☐	Green buildings
☐	Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs	☐	Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs: n/a

Table 7 Use of proceeds categories as per SBP

☒	Affordable basic infrastructure	☒	Food security and sustainable food systems
☐	Access to essential services	☒	Socioeconomic advancement and empowerment
☐	Affordable housing	☐	Employment generation

1.1.2. Review

Table 8 Detailed review of the Framework alignment to GBP and SBP (June 2021) Principles One – Use of Proceeds

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
Designated eligible Green and Social Projects should provide clear environmental and social benefits which will be assessed and, where feasible, quantified by the issuer	Compass Group's Framework defines themes and project categories, and outlines and defines the expenditures for the related green and social projects, products or services; also giving some examples, per theme. These themes and eligibility criteria are intended to target operational expenditure in delivering services to customers, that yield positive environmental and/or social impacts overall and compared to alternatives. In the Green ICMA Category, eligibility criteria are specified in terms of certifications for products. Compass Group tracks spend for types of products in the different regions, to classify the products with greater social/environmental impact across the regions the group operates in. Their strategy for the categories of the expenditures has been driven by the areas of greater impact in the food industry both upstream and downstream and their ability to drive change, also based on a materiality process.	
The use of proceeds may align with the non-exhaustive GBP explicitly-recognised project categories advancing environmental objectives such as such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control	The Framework themes and project categories map to 3 ICMA Project Categories defined green themes, as listed in Table 6	
The use of proceeds may refer to other taxonomies and nomenclatures as guidance as to what is considered	In the Green ICMA Category that addresses environmentally sustainable management of living natural resources and land use, Compass Group exemplifies the types of certifications that are required for the expenditures to be included in the bond.	

green/social and eligible, and draw upon (appropriate) independent definitions, analysis, advice and guidance on the quality of different green/social solutions and environmental/social practices	Compass Group gathers this information through the Sustainability Reporting document sent to suppliers. Compass Group follow industry best practices and leading NGOs to align to the certifications they approve. It is the External Reviewers opinion that Compass Group will follow taxonomic and eligibility alignment disclosure as relevant, application of green standards and certification, and risk management once the UK taxonomy comes into place.	
The Use of Proceeds should be appropriately described in the legal documentation of the security	Compass Group established the Sustainable Financing Working Group (SFWG) who reports to the Treasury Management Committee (TMC), a committee of the Compass Group PLC main board on at least a semi-annual basis. The TMC will review the work of the SFWG, approve changes to the framework proposed by the SFWG, and ensure that all reporting obligations under the framework are met.	
If refinancing, the issuer should provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced	Any portion of the portfolio of identified Eligible Sustainable Projects may be refinanced, within the look-back period defined of 36 months prior to Thematic Bond Issuance. Compass Group will report on the percentage of new and existing projects to which finance is allocated, with the anticipation that existing projects will be refinanced.	
If refinancing and to the extent relevant, the issuer should define the expected look-back period for refinanced eligible Green Projects	The Framework defines that the lookback period would be 36 months preceding the issue date of the Thematic Bond.	
Where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance from the ICMA 'Climate Transition Finance Handbook' may be sought	Compass Group has made a Net Zero commitment by 2050, and elements of the Framework and eligibility criteria are to include projects that support the achievement of this target. The Framework does not expressly identify or include evaluation according to the guidance from the ICMA 'Climate Transition Finance Handbook', as suggested in the GBP. The External Reviewers recommend that any green projects that under the framework work towards a net zero strategy are assessed in line with guidance from the ICMA 'Climate Transition Finance Handbook'.	

1.1.3. Core component opinion

Aligns with ICMA GBP/SBP(June 2021) Principle One – Use of Proceeds	The Use of Proceeds maps to 3 categories of the ICMA GBP and 3 categories of the SBP. These categories correspond to the different eligibility criteria for the bond's expenditures. The selection for green or social projects goes in line

	with the sustainable certification awarded to the products, although Compass Group has no internal methodology for the assessment of the certification. **In the External Reviewer's opinion, Compass Group's process for use of proceeds aligns with the requirements of the GBP/SBP Principle One – Use of Proceeds.**

1.2. Principle Two – Process for Project Evaluation and Selection

1.2.1. Overview

Evaluation and selection

☒	Credentials on the issuer's environmental sustainability objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Bond proceeds	☒	Documented process to identify and manage potential ESG risks associated with the project
☒	Summary criteria for project evaluation and selection publicly available	☐	Other (please specify):

Information on Responsibilities and Accountability

☒	Evaluation / Selection criteria subject to external advice or verification	☒	In-house assessment
☐	Other (please specify):		

1.2.2. Review

Table 9 Detailed review of Issuer alignment to GBP and SBP (June 2021) Principles Two – Process for Project Evaluation and Selection

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Borrower and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
The issuer should clearly communicate to investors the environmental sustainability objectives of the eligible Green/Social Projects	The objectives are defined in the "Use of proceeds" section in the ICMA category and Eligibility criteria for expenditures and example projects of the framework which will be available for consultation in Compass Group's website.	
The issuer should clearly communicate to investors the process by which it determines how projects fit within the eligible	The Sustainable Financing Framework details the Process for Project Evaluation and Selection noting that the Sustainable Financing Working Group (SFWG) assesses project eligibility and allocation of proceeds, and will	

Green/Social Project categories	maintain accountability of such projects against the Framework. In the External Reviewers opinion, Compass Group should disclose to investors all definitions from the expenditure examples in the framework.	
The issuer should clearly communicate to investors complementary information on processes by which it identifies and manages associated social and environmental risks	The Sustainable Financing Framework states that there is a Risk Management Assessment process for the Group, on a semi-annual basis, that assesses the different risks by region. Compass Group also have the Supply chain integrity standard policy that all countries have to follow for supply chain risk identification, transparency, traceability etc. The identification of risks will be available through the Compass Group Sustainability Report.	
The issuer is encouraged to position the information regarding the Green/Social Bond in the context of its overarching objectives, strategy, policy and/or processes relating to environmental sustainability	Compass Group's strategy outlines relevant criteria from both social and green pillars. Aiming to provide better nutritional choices and supporting mental health and wellbeing; and focusing in responsible and sustainable sourcing and addressing their impact on the planet. Compass Group's Sustainability Strategy identifies contribution to the United Nations' Sustainable Development Goals (UN SDGs), in particular 9 of the SDG where they can have the greatest impact. The Framework supports each of these, across the themes. Compass Group has committed to a 2050 Net Zero target, and elements of the Framework and eligibility criteria are to include projects that support the achievement of this target. Compass Group maps their Use of Proceeds to the Sustainability Reporting document and the Group's Sustainability Strategy	
The issuer is encouraged to provide information on the alignment with official or market-based taxonomies, related eligibility criteria, and exclusion criteria (if relevant)	In the Green: Environmentally sustainable management of living natural resources and land use category, eligibility criteria is specified in terms of certifications for a number of products. These are provided as examples, rather than absolute requirements. Compass Group has documents for suppliers to report expenditures under recognised certifications such as FairTrade, Rain Forest Alliance and MSC, which allows this evaluation and tracking.	

The issuer is encouraged to disclose any green standards or certifications referenced in project selection	Compass Group's Sustainability Reporting document notes that suppliers need to share the following ISO certifications: > ISO 9001 is an International Standard that gives requirements for an organization's quality management system (QMS). > ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. > ISO 45001 or OHSAS 18001 are International Standards for Occupational Health and Safety. Please attach current certificate or certificates > ISO 22001 is an International Standard on food safety. Furthermore, the Sustainability Reporting document requires suppliers to share the certifications applicable for the criteria under the ICMA category environmentally sustainable management of living natural resources and land use of the Framework. As such, these quality standards are specifications for operational expenditure supported through eligible projects under the Framework.	
The issuer is encouraged to have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant projects	The Sustainable Financing Working Group consists of senior representatives from a number of relevant areas within the Group. Issues around potential negative impacts associated with project/spend categories are discussed and considered. Additional subject matter experts can be co-opted into these discussions as appropriate to ensure projects and spend categories used for allocation of proceeds have been vetted to a reasonable standard of care.	

1.2.1. Core component opinion

Aligns with ICMA GBP /SBP(June 2021) **Principle Two – Process for Project Evaluation and Selection**	The categories for the selection of projects are stated in the framework with the corresponding eligible criteria for expenditures and examples. For the Environmentally sustainable management of living natural resources and land use category the Group relies on the alignment to NGO's approved certifications or to global certifications. The decision-making process for the eligibility of projects and allocation of proceeds passes through the Sustainable Financing Working Group (SFWG), who will maintain accountability of such projects against the Sustainable Financing Framework. However, there is no process in place for considering which certifications to use or what thresholds or impact measures they should comply. The External

	Reviewer considers this as an opportunity for improvement for Compass Group Furthermore, one item out of the seven expenditures in the Environmentally sustainable management of living natural resources and land category is not described in the Sustainability Strategy nor the Sustainability Reporting documentation. This gap is principally in geographies where adhoc assessments of the relevance of local and international certifications are relied on to determine eligibility, without clarity on the criteria for sufficiency of certifications. Additionally, seven out of the twenty-four eligible expenditures are not described within the Sustainability strategy of the Group nor mentioned in internal documentation. In terms of risk management, the External Reviewers sees sustainable agriculture to have many trade-offs and possible environmental and social risks for which Compass Group does not have a stand-alone process to evaluating. Nonetheless, they have a biannual Management Risk Assessment process for the group, where they assess the different risks by region. They also have the Supply chain integrity standard policy that all countries have to follow, where supply chain risk identification, transparency and traceability is reviewed. **In the External Reviewer's opinion, Compass Group process for project evaluation and selection meets the requirements of the GBP/SBP Principle Two – Process for Project Evaluation and Selection.**

1.3. Principle Three – Management of Proceeds

1.3.1. Overview

Tracking of proceeds:

☒	Green/Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
☒	Disclosure of intended types of temporary investment instruments for unallocated proceeds
☐	Other (please specify):

Additional disclosure:

☐	Allocations to future investments only	☐	Allocations to both existing and future investments
☐	Allocation to individual disbursements	☒	Allocation to a portfolio of disbursements
☒	Disclosure of portfolio balance of unallocated proceeds	☐	Other (please specify)

1.3.2. Review

Table 10 Detailed review of Issuer alignment to GBP and SBP (June 2021) Principles Three – Management of Proceeds

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
The net proceeds of the Green/Social Bond, or an amount equal to these net proceeds, should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner	Compass Group intends to achieve a level of allocation to the portfolio of Eligible Sustainability Projects which matches or exceeds the balance of net proceeds from its outstanding Sustainability Financing within 24 calendar months. Given the wide acceptance of money fungibility, it is Compass Group's intention to not segregate proceeds of this issuance. However, funds and allocation will be tracked in an appropriate manner, principally through the use of spreadsheets, to be reported to the SFWG.	

The aforementioned process should be attested to by the issuer in a formal internal process linked to the issuer's lending and investment operations for eligible Green/Social Projects	Compass Group have included the process for investing in Green/social projects in the ToR of the Treasury Management Committee. The SFWG reports to the Treasury Management Committee (TMC), a committee of the Compass Group PLC main board on at least a semi-annual basis. The TMC will review the work of the SFWG, approve changes to the framework proposed by the SFWG, and ensure that all reporting obligations under the framework are met.	
Whilst the Green/Social Bond is outstanding, the balance of the tracked net proceeds should be periodically adjusted to match allocations to eligible Green/Social Projects made during that period	Compass Group has demonstrated they have the process in place to track the net proceeds not yet allocated.	
The issuer should make known to investors the intended types of temporary placement for the balance of unallocated net proceeds	Compass Group has demonstrated the temporary placements will be held in their treasury liquidity portfolio in cash or cash equivalents such as short-term money market instructments.	
The proceeds of Green/Social Bonds can be managed per bond (bond-by-bond approach) or on an aggregated basis for multiple green bonds (portfolio approach)	Compass Group has determined that the proceeds of the Thematic Bonds are to be managed on a aggregated portfolio basis. This recommendation is met.	
A high level of transparency is encouraged; it is recommended that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds	The Carbon Trust issued the Second Party Opinion for Compass Group Sustainable Financing Framework. The Second Party Opinion as well as the Sustainable Financing Framework will be made available to investors on https://www.compass-group.com/en/investors.html. Compass Group intends to request a verification of the allocation of the Sustainability Financing proceeds by an external party. This recommendation is met.	

1.3.1. Core component opinion

Aligns with ICMA GBP/SBP (June 2021) **Principle Three – Management of Proceeds**	Compass Group approach to Management of Proceeds aligns with the requirements of the ICMA GBP and SBP relating to establishing a process for managing net proceeds, tracking and tagging assets, reallocating proceeds on a monthly basis, disclosing temporary instruments and seeking third party verification. Although no specific account for the management of these proceeds will be created. **In the External Reviewer's opinion, Compass Group's approach to management of proceeds as set out in its Framework and Processes, is in accordance with the requirements of the GBP/SBP Principle Three – Management of Proceeds.**

1.4. Principle Four – Reporting

1.4.1. Review

Use of proceeds reporting:

ə	Project-by-project	☒	On a project portfolio basis
☒	Linkage to individual bond(s)	☐	Other (please specify):

Information reported:

☒	Allocated amounts	☐	Green Bond financed share of total investment
☐	Other (please specify):		

Frequency:

☒	Annual	☐	Semi-annual
☐	Other (please specify):		

Impact reporting:

☐	Project-by-project	☒	On a project portfolio basis
☒	Linkage to individual bond(s)	☐	Other (please specify):

Frequency:

☒	Annual	☐	Semi-annual

☐	Other (please specify):		

Information reported (expected or ex-post):

☒	GHG Emissions / Savings	☒	Energy Savings
☐	Decrease in water use	☐	Other ESG indicators *(please specify):*

Means of Disclosure

☒	Information published in financial report	☒	Information published in sustainability report
☐	Information published in ad hoc documents	☐	Other (please specify):
☐	Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):		

Specify other external reviews available, if appropriate:

Type(s) of Review provided

☒	Second Party Opinion	☐	Certification
☐	Verification	☐	Scoring/Rating
☐	Other (please specify):		

Review provider(s): Carbon Trust Assurance Ltd

Date of publication: 16/02/2022

1.4.2. Review

Table 11 Detailed review of Issuer alignment to GBP/SBP (June 2021) Principles Four – Reporting

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
The issuer should make, and keep, readily available up to date information on the use of proceeds to be renewed	Compass Group has committed to keep readily available reporting, covering the allocation of net proceeds to the portfolio of Eligible Sustainability Projects and, wherever	

annually until full allocation, and on a timely basis in case of material developments	feasible, reporting on the impacts of the portfolio of Eligible Sustainability Projects, at least at the category level.	
The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where additional considerations limit the amount of detail that can be made available, information should be presented in generic terms or on an aggregated portfolio basis	Compass Group has committed to have two reporting outputs - the allocation reporting, with a list of the projects to which Green/Social Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated and the impact reporting that will state the expected impact of the projects	
Recommended: **Transparency is of particular value in communicating the expected and/or achieved impact of projects; the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination is recommended**	The Framework commits to report on the environmental and social impacts of the projects funded with the Sustainability Financing proceeds, by way of existing sustainability reporting and/or specific impact reports. Where relevant, information may be provided on data reporting and impact assessment methodologies, to increase transparency	
Recommended: **The issuer should refer to and adopt, where possible, the guidance and impact reporting templates provided in the ICMA Harmonised Framework for Impact Reporting**	Compass Group is already committed to reporting on potential KPI metrics but it is advised that Compass Group to report on sector specific metrics as advised in the ICMA Harmonised Framework for Impact Reporting, which currently is not stated in the Framework	

1.4.1. Core component opinion

Aligns with ICMA GBP/SBP (June 2021) **Principle Four – Reporting**	Compass Group commits to annual impact and allocation reporting as required by the GBP and SBP. In the External Reviewers opinion, Compass Group should report against the ICMA Harmonised Framework for Impact Reporting. **In the External Reviewer's opinion, Compass Group approach to reporting as set out in its Framework and Procedures is in accordance with the requirements of the GBP/SBP Principle Four – Reporting.**

1.5. Key Recommendations – Green/Social Bond Frameworks

1.5.1. Overview

The GBP/SBP (June 2021) includes 'Key Recommendations' concerning Green/Social Bond. This section reviews these key recommendations as specifications made by the GBP/SBP (June 2021) in addition to the four Core Components.

Table 12 Detailed review of Issuer alignment to GBP and SBP (June 2021) Key Recommendations – Green Bond Frameworks

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
The issuer should explain the alignment of their Green/Social Bond or Green Bond programme with the four core components of the GBP/SBP or in a Green/Social Bond Framework or in their legal documentation, which should be in a readily accessible format to investors	Compass Group has aligned to the four core components of the GBP and SBP. Each issuance will cover these and will be made available to investors	
It is recommended that issuers summarise in their Green/Social Bond Framework relevant information within the context of the issuer's overarching sustainability strategy. This may include reference to the five high level environmental objectives of the GBP/SBP	The Framework relates the Compass' sustainability strategy with the use of proceeds categories. The sustainability strategy follows a net zero commitment, a Food Waste strategy and a Health and Wellbeing strategy and a packing and use of reusables strategy with targeted actions where Compass Group can make an enhanced impact and leveraging their scale and purchasing power to create a positive impact in the wider world.	
Issuers are also encouraged to disclose any taxonomies, green standards or certifications referenced in project selection	Compass Group shows a list of the examples of the current initiatives and in the Use of Proceeds category the Eligibility criteria for expenditures and Example projects. However, its only examples, nothing that is related to the project selection.	
When communicating Paris-aligned transition strategies in the context of projects	In the External Reviewers opinion, recommend Compass Group considers the Climate Transition Finance Handbook for disclosing in future Framework revisions and/or reporting.	

targeting climate change mitigation, issuers are encouraged to use guidance from the Climate Transition Finance Handbook		

1.5.1. Core component opinion

Aligns with ICMA GBP/SBP(June 2021) Key recommendation – *Green Bond Framework*	Compass Group has established the Sustainable Financing Framework were the relevant green and social expenditures are outlined. In the External Reviewers opinion, Compass Group should consider the Climate Transition Finance Handbook future reporting. **In the External Reviewer's opinion, Compass Group Framework and Processes meet the recommended aspects of the GBP Key recommendations – Green Bond Framework.**

1.6. Key Recommendations – External Reviews

1.6.1. Overview

The GBP/SBP (June 2021) includes 'Key Recommendations' concerning External Reviews. This section reviews these key recommendations as specifications made by the GBP/SBP (June 2021) in addition to the four Core Components.

Table 13 Detailed review of Issuer alignment to GBP and SBP (June 2021) Key Recommendations – External Reviews

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GBP/SBP 2021 specification	Issuer practice	Assessment result
It is recommended that issuers appoint (an) external review provider(s) to assess through a pre-issuance external review the alignment of their Green/Social Bond or Green/Social Bond programme and/or Framework with the four core components of the GBP and SBP	Compass Group has commissioned this pre-issuance external review of the Framework.	
The issuer should make external reviews publicly available and use the template for external reviews made available by ICMA	Compass makes all documents, including the Framework, External Reviews and documents relating to the relevant Green/Social Issuance, available on the Compass Group website.	
It is recommended that, post issuance, an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Projects	Compass Group intends to request a verification of the allocation of the Sustainability Financing proceeds by an external party.	
The issuer should consult the ICMA Guidelines for External Reviews (February 2021)	Compass Group sought an external review in the form of a Second Party Opinion from The Carbon Trust	

concerning recommendations and explanations on the different types of reviews		
Issuers should make external reviews publicly available on their website and/or through any other accessible communication channel as appropriate and if feasible, as well as use the template for external reviews available in the sustainable finance section of ICMA's website.	Compass Group makes the external review available on their website, and the external review incorporates the template provided by ICMA.	

1.6.1. Core component opinion

Aligns with ICMA GBP/SBP (June 2021) Key recommendation – *External Reviews*	Compass Group committed to an external review of the Framework with The Carbon Trust. The External Reviewer recommends that Compass Group requests for a post-issuance verification of the allocation of the Sustainability Financing proceeds by an external party. These will all be made publicly available on Compass website **In the External Reviewer's opinion, Compass Group's Framework and Process for reporting meets the recommended aspects of the GBP Key recommendation – External Reviews.**

Appendix 2: Detailed External Review Opinion in line with the APLMA/LMA/LSTA Green Loan Principles (February 2021) and Social Loan Principles (April 2021)

2.1. Principle One – Use of Proceeds

2.1.1. Detailed Review

Set out below are our component specific findings and statements in relation to each of the four GLP core components, as they relate to the Framework.

Use of proceeds categories as per GLP:

☒	Renewable energy	☒	Energy efficiency
☐	Pollution prevention and control	☒	Environmentally sustainable management of living natural resources and land use
☐	Terrestrial and aquatic biodiversity conservation	☒	Clean transportation
☒	Sustainable water and wastewater management	☐	Climate change adaptation
☐	Eco-efficient and/or circular economy adapted products, production technologies and processes	☒	Green buildings
☐	Unknown at issuance but currently expected to conform with GLP categories, or other eligible areas not yet stated in GLPs	☒	Other (please specify): Health and Wellbeing

Table 13 Detailed review of Framework's alignment to GLP (February 2021) and SLP (April 2021) Principles One – Use of Proceeds

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GLP/SLP 2021 specification	Carbon Trust comment	Assessment result
Utilisation of the loan proceeds for green/social projects (including other related and supporting expenditures, including R&D)	Compass Group has described the utilisation of loan proceeds for green/social projects in the framework. Compass Group's Sustainable Financing Working Group (SFWG) and Treasury Management Committee (TMC) ensure all obligations under	

should be appropriately described in the finance documents and, if applicable, marketing materials.	the framework are met. Specifics related to transactions are to be captured in pertinent finance documents.	
All designated green/social projects should provide clear environmental/social benefits, which will be assessed, and where feasible, quantified, measured and reported by the borrower.	The processes and procedures considered for Green, Social and Sustainability Bonds apply equally for Green and Social loans. Please refer to table 7 in the Appendix 1 for the comment made in this section.	
Where funds are to be used, in whole or part, for refinancing, it is recommended that borrowers provide an estimate of the share of financing vs refinancing. Where appropriate, they should also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced green/social projects.	Any portion of the portfolio of identified Eligible Sustainable Projects may be refinanced, within the look-back period defined of 36 months prior to issuing the Thematic Loan. Compass Group will report on the percentage of new and existing projects to which finance is allocated, with the anticipation that existing projects will be refinanced.	
A green/social loan may take the form of one or more tranches of a loan facility. In such cases, the green/social tranche(s) must be clearly designated, with proceeds of the green/social tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.	Compass Group's Framework describes the process in which breakdown of total facilities for the proposed project(s), are used solely to finance the proposed green/social project(s) (single tranche) or the proceeds of the designated green/social loan tranche are used solely for the proposed green/social project(s) (multiple tranches).	

1.6.2. Core component opinion

Aligns with GLP and SLP Principle One – Use of Proceeds	In the External Reviewer's opinion, the Framework provides strong guidance in terms of the types of eligible themes and projects, and this is supported by appropriate internal procedures to ensure borrowers comply with the GLP when determining eligible green projects. **In the External Reviewer's opinion, Compass Group's Framework and internal processes for use of proceeds meets the requirements of the GLP Principle One – Use of Proceeds.**

2.2. Principle Two – Process for Project Evaluation and Selection

2.2.1. Detailed Review

Table 14 Detailed review of the Framework's alignment to GLP (February 2021) and SLP (April 2021) Principle Two – Process for Project Evaluation and Selection

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GLP/SLP 2021 specification	Carbon Trust comment	Assessment result
The borrower of a green/social loan should clearly communicate to its lenders: > **its environmental/social sustainability objectives;** > **the process by which the borrower determines how its projects fit within the eligible categories; and** > **the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material environmental and social risks associated with the proposed projects.**	(1) Compass Group's Framework aligns with the requirement of the principles. The objectives are defined in the "Use of proceeds" section in the ICMA category and Eligibility criteria for expenditures and example projects of the framework which will be available for consultation in Compass Group's website. (2) The Sustainable Financing Framework details the Process for Project Evaluation and Selection noting that the Sustainable Financing Working Group (SFWG) assesses project eligibility and allocation of proceeds, and will maintain accountability of such projects against the Framework. (3) The Sustainable Financing Framework states that there is a Risk Management Assessment process for the group that in a semi-annual basis, where they assess the different risks by region. Compass Group also have the Supply chain integrity standard policy that all countries have to follow for supply chain risk identification, transparency, traceability etc. The identification of risks will be available through the Compass Group Sustainability Report. In the External Reviewers opinion, Compass Group should disclose to investors all definitions from the expenditure examples in the framework.	
Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/ or processes relating to sustainability.	The processes and procedures considered for Green, Social and Sustainability Bonds apply equally for Green and Social loans. Please refer to table 8 in the Appendix 1 for the comment made in this section.	

Borrowers are also encouraged to disclose any green/social standards or certifications to which they are seeking to conform.	The processes and procedures considered for Green, Social and Sustainability Bonds apply equally for Green and Social loans. Please refer to table 8 in the Appendix 1 for the comment made in this section.	

2.2.2. Core component opinion

Aligns with GLP and SLP **Principle Two – Process for Project Evaluation and Selection**	The categories for the selection of projects are stated in the framework with the corresponding eligible criteria for expenditures and examples. For the Environmentally sustainable management of living natural resources and land use category the Group relies on the alignment to approved international certifications. The decision-making process for the eligibility of projects and allocation of proceeds passes through the Sustainable Financing Working Group (SFWG), who will maintain accountability of such projects against the Sustainable Financing Framework. However, there is no process in place for considering which certifications to use or what thresholds or impact measures they should comply. The External Reviewer considers this as an opportunity for improvement for Compass Group Furthermore, one item out of the seven expenditures in the Environmentally sustainable management of living natural resources and land category is not described in the Sustainability Strategy nor the Sustainability Reporting documentation. This gap is principally in geographies where adhoc assessments of the relevance of local and international certifications are relied on to determine eligibility, without clarity on the criteria for sufficiency of certifications. Additionally, seven out of the twenty-four eligible expenditures are not described within the Sustainability strategy of the Group nor mentioned in internal documentation. In terms of risk management, the External Reviewers sees sustainable agriculture to have many trade-offs and possible environmental and social risks for which Compass Group does not have a stand-alone process to evaluating. Nonetheless, they have a biannual Management Risk Assessment process for the group, where they assess the different risks by region. They also have the Supply chain integrity standard policy that all countries have to follow, where supply chain risk identification, transparency and traceability is reviewed. **In the External Reviewer's opinion, the Compass Group's Framework and internal processes for project evaluation and selection meets the requirements of the GLP Principle Two – Process for Project Evaluation and Selection.**

2.3. Principle Three – Management of Proceeds

2.3.1. Detailed Review

Table 15 Detailed review of the Framework's alignment to GLP (February 2021) and SLP (April 2021) Principle Three – Management of Proceeds

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GLP/SLP 2021 specification	Carbon Trust comment	Assessment result
The proceeds of a green/social loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.	The processes and procedures considered for Green, Social and Sustainability Bonds apply equally for Green and Social loans. Please refer to table 9 in the Appendix 1 for the comment made in this section.	
Where a green/social loan takes the form of one or more tranches of a loan facility, each green/social tranche(s) must be clearly designated, with proceeds of the green/social tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.	As part of the GLP and SLP Compass Group addresses in the framework that where green/social financing takes the form of one or more tranches each green/social tranche(s) must be clearly designated, with proceeds of the green/social tranche(s) tracked by Compass Group in an appropriate manner.	
Borrowers are encouraged to establish an internal governance process through which they can track the allocation of funds towards Green/social Projects.	Compass Group have included the process for lending in Green/social projects in the ToR of the Treasury Management Committee. Compass Group has demonstrated they have the process in place to track the net proceeds not yet allocated. Compass Group has demonstrated the temporary placements will be held in their treasury liquidity portfolio in cash or cash equivalents such as short-term money market instruments.	

2.3.1. Core component opinion

Aligns with GLP and SLP **Principle Three – Management of Proceeds**	In the External Reviewer's opinion, Compass Group has established a transparent approach in its Framework and internal procedures regarding how borrowers manage green/social loan proceeds. The Framework also clarifies how the proceeds from facilities will be managed when is the case that they are one or more tranches

	In the External Reviewer's opinion, Compass Group's Framework and internal processes for how borrowers manage green/social loan proceeds meets the requirements of the GLP Principle Three – Management of Proceeds.

2.4. Principle Four – Reporting

2.4.1. Detailed Review

Table 16 Detailed review of the Framework's alignment to GLP (February 2021) and SLP (April 2021) Principle Four – Reporting

Key ***Meets and goes beyond requirements*** ***Meets requirements*** ***Does not meet requirements*** ***Not relevant / applicable to the Issuer and/or External Review*** ***Opportunity for enhancement***

GLP/SLP 2021 specification	Carbon Trust comment	Assessment result
Borrowers should make and keep readily available up to date information on the use of proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments. This should include a list of the Green/Social Projects to which the green loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact.	Compass Group has committed to keep readily available reporting, covering the allocation of net proceeds to the portfolio of Eligible Sustainability Projects and, wherever feasible, reporting on the impacts of the portfolio of Eligible Sustainability Projects, at least at the category level.	
Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP/SLP recommend that information is presented in generic terms or on an aggregated project portfolio basis. Information need only be provided to those institutions participating in the loan.	The framework mentions how Compass Group will report in the event that confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available.	
The GLP/SLP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or	Compass Group's Framework sets out potential impact metrics which include both qualitative and quantitative performance indicators under the Appendix B of the Framework Qualitative performance indicators include the breakdown of type of label or certification by products, while quantitative	

assumptions used in the quantitative determination.	performance indicators refer to the GHG emission reduction or % of vehicles leased that are electric and/or hybrid for example. An opportunity for enhancement would be to expand the recommended impact metrics	
Borrowers with the ability to monitor achieved impacts are encouraged to include those in regular reports.	The Framework commits to report on the environmental and social impacts of the projects funded with the Sustainability Financing proceeds, by way of existing sustainability reporting and/or specific impact reports. Where relevant, information may be provided on data reporting and impact assessment methodologies, to increase transparency	

2.4.1. Core component opinion

Aligns with GLP and SLP **Principle Four – Reporting**	In the External Reviewer's opinion, the Framework provides clear guidance and transparency on the borrower's responsibility to report on an annual basis until full allocation and thereafter, as appropriate. This benefits its shareholders and investors, and demonstrates alignment with the GLP. **In the External Reviewer's opinion, Compass Group's approach to reporting as set out in its Framework and internal procedures is in accordance with the requirements of the GLP Principle Four – Reporting.**

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+44 (0) 20 7170 7000

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