

United Nations Global Compact (UNGC)

Compass Group PLC

Communication on Progress

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1. Statement of Continued Support

As a signatory to the United Nations Global Compact since June 2004, Compass Group PLC and its group companies ("Compass") is committed to taking action to support and uphold each of the ten principles relating to human rights, labour, environment and anti-corruption.

During 2012-2013, we continued to work hard to continue to improve our performance and believe that we have made good progress with regard to meeting our commitments, with particular focus on our environmental activities and performance reporting – please see our **2013 Corporate Responsibility Report** for further details:

www.compass-group.com/CR13

This document contains some examples of the **practical actions** that we have taken and implementation details including **performance indicators and metrics**. Together with our **Group policies**, these may be viewed on our **global CR website**:

www.compass-group.com/CR13

In response to the Global Compact commitments, we will continue to develop our activities and provide timely communication of progress updates to our stakeholders.

For further information, please contact us at

http://cr13.compass-group.com/utilities/contact_us .



Mark J. White

General Counsel and Company Secretary

Compass Group PLC

2. Company Overview

2.1 *Compass Group PLC*

Compass is one of the world's leading providers of food and support services. We operate in over 50,000 client locations and specialise in providing food, facilities management and related services on client premises. We generated annual revenues of over £17 billion in the year to 30 September 2013. The Company employs more than 500,000 great people delivering great service every day in around 50 countries, operating across our five core sectors: Business & Industry, Defence, Offshore & Remote Site, Education, Healthcare & Seniors and Sports & Leisure, with an established brand portfolio. For more information, visit www.compass-group.com.

2.2 *Our Vision – sets out what we want to be*

To be a world-class provider of contract foodservice and support services, renowned for our great people, our great service and our great results

2.3 *Our Mission – sets out how we are going to achieve this*

Everyone in Compass is committed to consistently delivering superior service in the most efficient way, for the shared benefit of our customers, shareholders and employees

2.4 *Our Guiding Principles – these set out what guides our decision making*

- ***Health, Safety and Environment First*** – never to compromise on the health and safety of our customers and our people, and to manage responsibly the impact that our business has on the environment.
- ***Delivering for Clients and Consumers*** – to earn the continued loyalty of our customers by consistently demonstrating why we are the first choice for quality, service, value and innovation.
- ***Developing our People and Valuing Diversity*** – to recognise the diversity and contribution of our people. We create a work environment that is challenging and provides the opportunities and support for everyone to develop, learn and succeed.
- ***Profitable Growth*** – to deliver shareholder value through disciplined, sustainable growth, underpinned by strong governance that contributes to and leverages the benefits of our global scale.
- ***Constant Focus on Performance and Efficiency*** – to deliver the highest quality and performance, whilst relentlessly striving to be the lowest cost, most efficient provider.

3. Human Rights

Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Make sure that they are not complicit in human rights abuses;

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Overview

The Compass Codes of Business Conduct and Ethics underpin our social, ethical and environmental responsibilities as a global organisation and sends a powerful message to all our stakeholders of the Group's commitment to responsible business practice. The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, are integral to our own Code of Ethics. This UN initiative encourages companies to commit to make human rights, labour standards, environmental responsibility and anti-corruption part of the business agenda, whilst maintaining a competitive advantage.

Our structure is underpinned by the highest levels of corporate governance. This empowers our local management teams to manage their businesses to be competitive in their marketplace while operating within a strict corporate framework with clearly defined parameters. Our Code of Ethics sets out our social, ethical and environmental commitment towards each of our stakeholders and the communities in which we operate.

Every individual employee shares a responsibility to uphold these standards and to conduct our business in a professional, safe, ethical and responsible manner.

Our Code of Ethics, developed in consultation with our European Works Council and the Institute of Business Ethics, sets out the clear standards of behaviour that we expect all of our people to demonstrate in dealing with colleagues and those outside the company such as customers, suppliers, shareholders and external stakeholders.

Our Policy (relevant extracts from our published Code of Ethics)

<http://www.compass-group.com/1124.htm>
<http://www.compass-group.com/cr-code-of-ethics.htm>

Success in business is dependent on compliance with legal constraints, together with sensitivity to local customs and conventions governing business relationships.

The communities in which we operate (and from which we draw our employees) are important to us.

- We are committed to making a positive contribution to the sustainable development of the communities in which we operate.
- We take into account the concerns of the wider community – including national and local interests – in all our operations. We use our expertise to contribute to the wellbeing of the community in a manner appropriate to our business objectives.
- We endeavour to ensure that we are not exploited for the purpose of money laundering, drug trafficking or tax evasion.
- We support the rights of human beings as set out in the UN Declaration of Human Rights. We consider carefully before doing business in countries that do not adhere to the UN Declaration.
- We do not make donations to political party funds or candidates.
- We respect the law, traditions and cultures of the countries in which we operate. However, in some countries where there is limited or no human rights protected by legislation, the higher standards set out in the Group's Codes of Business Conduct and Ethics will prevail.
- We are committed to doing our business in a way that limits our impact on the environment. The Group's Environmental Policy and Guidelines include standards on waste reduction and recycling, and the conservation of water and energy.

As a service company, our people are key to the success of our business. We respect and value the individuality and diversity that every employee brings to the business and seek to create a positive, open, working environment wherever we operate.

- We are committed to basing relations with our employees on respect for the dignity of the individual and fair treatment for all.
- We aim to recruit and promote employees on the basis of their suitability for the job, without discrimination.
- We aim to foster effective communication to enable all our employees to perform their work effectively and help and encourage employees to develop relevant skills to progress their careers within our organisation.
- We place the highest priority on the health and safety of our employees and the safety of the environment in which they work.
- We do not tolerate any form of discrimination or sexual, physical, mental or other harassment of any kind toward our employees, whether from our own staff or others.
- We operate fair and just remuneration policies that comply with employment regulations in each of the jurisdictions in which we operate.
- We require any employee with a potential conflict of interest to disclose it to their line manager.
- We operate in an environment of trust and as such we do not tolerate any fraudulent or dishonest behaviour by our employees either within the Group or in dealing with other stakeholders.

Implementation

We have a Group-wide whistle-blowing programme called 'Speak Up' which is managed by an independent company. This enables our employees globally to raise, in confidence, any concerns that they may have about how we conduct our business. Work continues throughout our business to maintain employee awareness of 'Speak Up' and regular progress reports are provided to the Audit Committee of the Board.

In 2012-2013, we had 3,102 calls referred to the 'Speak Up' helpline by employees globally. Details of all of the concerns reported to the confidential helpline were passed to the Group's Internal Audit department. There is a clear escalation process in place to consider each concern raised. Where appropriate, a full investigation and remedial actions were taken.

Associated Policies

Compass Codes of Business Conduct & Ethics
Compass Diversity & Equal Opportunities Policy
Compass Purchasing and Supply Chain Policy

2013 Actions

- We continue to embed our Code of Business Conduct (the 'Code'), which brings together in one place all relevant Group policies on ethical business practice. The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly. The Code, which has been translated into in 40 languages to meet the needs of our businesses, is underpinned by our Code of Ethics and is communicated to our employees through a range of channels including, for example, global and country specific intranets, at induction of new employees and face to face presentations.
- The Group's on-line Competition Law and Ethics Toolkits continue to be rolled out across the Group's businesses and as at 30 November 2013, 86% and 89% of the current populations eligible to complete the online Toolkits have successfully completed the courses. New employees are required to acknowledge that they will comply with the principles of the Code and senior management will continue to self-certify their compliance with the Code and the Group's Code of Ethics at the end of each financial year. We have also continued with our annual self-certification initiative whereby 2,368 employees were required to self-certify that they have complied with the 'Code' and Code of Ethics during the year ended 30 September 2013. To date, 99.7% of employees have responded versus a 99.2% response rate in 2012. The Code which incorporates all of the Group's internal control policies including the Code of Ethics is now available on the Group website at <http://www.compass-group.com/cr-code-of-ethics.htm> and has been translated into multiple languages.
- We made good progress in rolling out our updated Compass Supply Chain Standards which include the assessment of potential supply chain partners on their own human rights practices and those of their partners down the supply chain. This updated template is progressively being rolled-out across our countries, with initial emphasis on compliance across our Top Twenty countries which equate to around 93% of total Group revenue.
- We proactively monitor the Code, to ensure that countries are taking the positive action required to embed it. Monitoring initiatives include:
 - Internal audit visits to countries to review practices and procedures
 - Business Review Updates with country Leadership Teams to ensure effective compliance is in place
- In Q2 2014, we will publish a refreshed Human Right Policy together with supporting key performance indicators to inform our stakeholders of our progress.

4. Labour Practices

Principle 4: Businesses should uphold the freedom of association and the effective recognition of the right to collective;

Principle 5: Businesses should uphold the effective abolition of child labour;

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Overview

- As a service company, our people are key to the success of our business. We respect and value the individuality and diversity that every employee brings to the business and seek to create a positive, open, working environment wherever we operate.
- We are committed to basing relations with our employees on respect for the dignity of the individual and fair treatment for all.
- We aim to recruit and promote employees on the basis of their suitability for the job, without discrimination.
- We aim to foster effective communication to enable all our employees to perform their work effectively. This will include encouraging and helping employees to develop relevant skills to progress their careers.
- We place the highest priority on the health and safety of our employees and the safety of the environment in which they work.
- We do not tolerate any form of discrimination or sexual, physical, mental or other harassment of any kind toward our employees, whether from our own staff or others.
- We operate fair and just remuneration policies that comply with employment regulations in each of the jurisdictions in which we operate.
- We require any employee with a potential conflict of interest to disclose it to their line manager.
- We operate in an environment of trust and as such we do not tolerate any fraudulent or dishonest behaviour by our employees either within the Group or in dealing with other stakeholders.

Policies

Compass Codes of Business Conduct & Ethics
Compass Diversity & Equal Opportunities Policy
Compass Purchasing and Supply Chain Policy

2013 Actions

- We are progressively rolling out the Compass Supply Chain Standards, updated in 2011 to include an assessment of our potential supply chain partners' human rights practices and those of their partners down the supply chain. This updated template is progressively being rolled-out across our countries, with initial emphasis on our Top Twenty countries. Our standard terms and conditions of purchase for international suppliers also contain express provisions dealing with compliance with Compass Group policies which must be met so as to maintain preferred supplier status.
- The global HR Forum which consists of HR professionals from across the Compass business globally works throughout the year to ensure that our HR policies are reviewed on an annual basis and are updated as required to meet regulatory or best practice requirements. Country operational compliance with such policies is required as part of the People MAP Framework.
- We continue to make good progress with our employee diversity metric and have increased the proportion of global leadership team positions held by women to 22.4%.
- Great examples of our continuing efforts in terms of supporting increasing employee diversity can be viewed online in our 2013 CR Report – www.compass-group.com/CR13

One such example:

Celebrating Diversity – NAIDOC 2013



We embrace and celebrate the diverse cultures within our business and local communities.

Our business in Australia continued supporting NAIDOC (National Aborigines and Islanders Day Observance Committee). Our employees across the business were encouraged to hold activities and participate in events to mark this important celebration of Aboriginal and Torres Strait Islander culture, and their contributions to local communities. Events included hosting morning teas with local Indigenous Elders and Native Title Holders, and also preparing traditional Indigenous menu items.

As an organisation that has significant operations in areas near Indigenous communities, we are proud of our involvement in NAIDOC Week, supporting Indigenous Australians with opportunities for economic growth and engagement

5. Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility;

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Overview

A key driver towards our success is the degree of autonomy which is afforded to local management teams, allowing them to serve local markets in the most appropriate manner. To support their activities, we have developed an environmental policy supported by a minimum operating standard and a set of behaviours that are being introduced into all our operations.

2013 represented our sixth year of implementing a web-based reporting tool to consistently track and report globally on our greenhouse gas emissions. We are pleased that our ability to report our environmental performance accurately, including the quality of data, continues to improve and, as a result, we have increased the scope of our reporting countries from our 'Top Ten' to our 'Top Twenty' countries which account for around 93% of total Group revenue.

Although we have made good progress in collating data relating to our own business operations, we are aware that we have more work to do in terms of improving the quality of data provided by our suppliers. To help us build a greater awareness of their activities, we have refreshed our supplier assurance programme to include additional focus on environmental practices within our global supply chain.

This refreshed programme is gradually being phased in across our businesses with initial focus on our 'Top Twenty' countries.

In the majority of our locations where we are not directly responsible for the procurement of utilities, equipment, fuel etc., we are working closely with our clients to consider how best to improve the environmental performance of our operations.

Policies

Compass Environmental Policy
Compass Purchasing & Supply Chain Policy

Environmental management system – as demonstrated by the drafting of our policies, we are committed to ensuring that environmental minimum standards are implemented across our business including our supply chain. We review our policies annually to support company compliance and to raise awareness.

2013 Actions

- To help us build a greater awareness of their activities, we have refreshed our supplier assurance programme to include additional focus on environmental practices within our global supply chain.
- We believe that everyone at Compass has a moral obligation to safeguard each other, our customers and the environment by operating a safe, injury free and healthy workplace, serving food that is always safe to eat, nutritional and which minimises our impact on the environment. In 2007, to ensure best practice, we developed a set of policies, minimum operating standards and behaviours and these have been steadily rolled-out across our businesses. We are pleased to report that in the year to 30 September 2013, the first phase of the programme had been successfully implemented in 99% (2010: 98%) of our countries. Our standards are based on the strictest regulatory requirements and industry best practice. World-class performance continues to be our aim, seeking over the short- to medium-term to set the benchmark for our industry.
- Great examples of our ongoing efforts to support responsible environmental practices can be viewed online in our 2013 CR Report – www.compass-group.com/CR13

One such example:

Encouraging Responsible Behaviour



Our 'Love Food Not Waste' campaign, launched by our business in the USA last year, continues to encourage good environmental behaviour and practices in our operations.

The campaign was designed to address client concerns about waste and the cost impact to their businesses, and has changed common behaviours in our kitchens by reducing the amount of waste we generate. As an industry, food service has a huge opportunity to responsibly change the ways we use energy, water, food and packaging, and conserve these valuable resources.

Each area addresses ways in which we and our clients can reduce waste by encouraging small changes in our behaviours.

As individuals we all share that same responsibility, both in the workplace and at home.

6. Bribery and Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Policy (extract from Compass Group Code of Ethics)

<http://www.compass-group.com/cr-code-of-ethics.htm>

We seek to establish mutually beneficial relationships with all our suppliers, and encourage them to match our high standards in respect of quality, food safety, working conditions, trading practices, health and safety and environmental protection.

- We treat our suppliers and subcontractors honestly and fairly.
- No employee may offer or receive – or influence others to offer or receive – any money or material gift that could be construed as a bribe or influence and we have implemented a Group Gifts and Hospitality policy to provide clear guidance to all of our employees and clients on this matter.
- We endeavour to ensure we are not exploited directly or indirectly by requests to make facilitation payments.
- All information concerning the Company and its suppliers is to be treated as confidential.
- We do not work with companies that infringe the law or endanger Compass Group's reputation.

Policies

Compass Codes of Business Conduct and Ethics

Internal documents:

Compass Fraud Policy

Group Gifts and Hospitality Policy

Group Approvals Manual

Compass Accounting Policies and Procedures Manual

2013 Actions

- Our Code of Business Conduct (the 'Code'), brings together in one place all relevant Group policies on ethical business practice. The Company remains committed to the highest standards of business conduct and expects all of its employees to act accordingly. The Code is underpinned by our Code of Ethics with regard to minimising the risk of bribery and corruption in our business and contains specific information about Compass's zero-tolerance approach to corrupt or unethical behaviour or business practices.

- We conducted our annual review of the Group's internal control documents such as the Group Approvals Manual, Group Internal Controls Manual, Group Accounting Policies and Procedures Manual and Group Treasury Policies, to further minimise the risk of fraud.

The purposes of these documents are to:-

- set out clear levels of delegated authority for specific matters and to highlight those matters which require Group review and approval or notification and to ensure consistently high standards of review and evaluation are adopted and followed across the Group;
- cover the core internal controls relevant to Group companies as clearly as possible, including the identification of those core internal controls relevant to each level of the business i.e. unit, country, operating company and Group including, for example, dual control and segregation of duties; and
- provide a framework for banking, borrowing and investment requirements of the Group, so as to maintain the flow of essential finance to operations and for capital investment, in a manner that manages the risk inherent in these activities.

We operate a Group Gifts and Hospitality policy, on a global basis.

- We have further developed a risk assessment to determine the potential level of risk of different parts of our business regarding bribery and corruption to ensure that the appropriate management processes are in place to mitigate any risks identified.
- Upon induction, all new Compass Group employees are required to read and confirm their adherence to the Codes of Business Conduct and Ethics. Senior employees are also required to certify their adherence to the Code annually thereafter.
- All Compass Group employees have access to the 'Speak Up' helpline, a 24-hour a day, confidential telephone advice line where they can share any concerns that they have. Procedures are in place for any bribery/anti-corruption whistle blowing allegations to be escalated directly to senior management.

7. Performance Measurement & Progress

You can view our current progress against all of our CR performance at: <http://cr13.compass-group.com/performance/2012-2013-performance> or for more details visit our CR information online at www.compass-group.com/CR13