



Compass: UN Global Compact Communication on Progress 2017



Statement of continuing support

Compass Group PLC and its group companies ("Compass") has been a signatory to the United Nations Global Compact (UNGC) since June 2004. We remain fully committed to supporting and upholding its 10 Principles in the areas of human rights, labour, environment and anti-corruption.

We recognise that living up to our commitment is a journey. Through this Communication on Progress, we are pleased to share the steps we have taken since our report last year. Over the past twelve months we have been reviewing how our business activities can best deliver towards the United Nations' Sustainable Development Goals (SDGs) at a global and local level. We recognise the importance of the SDGs in addressing the challenges facing our planet and society. We also believe they provide a powerful platform upon which we can build new, and strengthen existing, partnerships. Of the UN's seventeen SDGs, we have identified seven, where we believe we can have the most positive social impact.

I am particularly pleased to share two achievements. In October, this year, we published our first statement in compliance with the UK Modern Slavery Act. We consider the implementation of this Act an important step in helping to end the scourge of enslavement and human trafficking globally. In September this year, we were proud to announce a significant expansion to our existing cage free egg policy with a commitment to source 100% cage free eggs globally by 2025. As a result of these industry leading positions, we were delighted to be recognised in Fortune's 'Change the World' list of 50 companies that have had a positive social impact through the activities of their core business strategy.

As part of our continuing commitment to the UNGC, the following report provides further details of our activities this year (and links to further information). We will be sharing this report with our stakeholders over the coming months.



Mark J. White

Group General Counsel and Company Secretary

Compass Group PLC

5th January 2017

About Compass

Compass is one of the world's leading food and support services businesses. Each year we serve over 5 billion meals. We employ more than 500,000 people in over 50 countries, and work in more than 50,000 client locations. We firmly believe that responsible wealth creation is the fundamental contribution that any business can make. Our strategy and approach to Corporate Responsibility (CR) is central to our business model and our commitment to provide the highest quality service to our customers.

Our approach to Corporate Responsibility – [click for further information](#)

We established our CR framework in 2008, founded on five pillars.

- **Safety first:** Health and safety is our number one operational priority.
- **Health & wellbeing:** By pursuing our passion for wellbeing and nutrition, we can help our consumers and employees adopt a more balanced lifestyle.
- **Our people:** Ensuring our employees are well trained, safe, motivated and productive is an essential component of our business model.
- **Responsible sourcing:** Having a responsible supply chain is important for us to deliver the quality of food service, and of paramount importance to our customers.
- **Environment:** We have a clear responsibility to help protect the environment and to ensure we optimise our use of natural resources.

The United Nations' Sustainable Development Goals (SDGs)

We recognise the clear correlation between the SDGs and the 10 Principles of the United Nations Global Compact. Over the past 12 months we have been reviewing the SDGs to understand how our business activities can help deliver towards them at a global and local level. Of the 17 SDGs, we have identified seven where we believe we can make the most positive social impact.

- **Goal 2:** End hunger, achieve food security, improved nutrition and sustainable agriculture.
- **Goal 3:** Ensure healthy lives and promote wellbeing for all at all ages.
- **Goal 5:** Achieve gender equality and empower all women and girls.
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Goal 13:** Take urgent action to combat climate change and its impacts.
- **Goal 14:** Conserve and sustainably use the oceans, seas and marine resources.
- **Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems.

Our progress in each of the areas covered by the UNGC Principles is set out in the following sections.

Human Rights

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

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

Assessment, Policy and Goals

Human rights are basic rights to which everyone is entitled. They define minimum standards of behaviour that countries are expected to abide by to ensure the dignity of their citizens.

Compass Group fully supports everyone's entitlement to human rights and respects the principles of the United Nations Global Compact.

In 2014, we published our **Human Rights Group Policy**, which is based on the Universal Declaration of Human Rights and the UNGC Principles. This policy:

1. Sets out the responsibilities of our employees and our leadership team,
2. Establishes the indicators we use to assess our performance in this area,
3. Commits us to an annual review of that performance informed by the previous year's performance.

As part of this commitment to respect human rights, we take great care in selecting the companies who supply us. Our **Global Purchasing and Supply Chain Policy**, underpinned by our Supply Chain Integrity Standards, clearly defines the principles and standards with which we expect our suppliers to adhere. This includes the nine-point Ethical Trade Initiative (ETI) Base Code. Our suppliers are required to confirm signed acceptance and compliance with these criteria.

Our approach to specific human rights, such as our relations with employees, are also covered in greater detail in other specific policies, including our:

- **Code of Business Conduct**
- **Code of Ethics**
- **Food Safety Policy**

Implementation and progress this year

Recognising the global nature of our operations, this year we have worked to further embed our commitment to human rights and identify potential vulnerabilities across our supply chain. This includes

1. **Developing the Compass Supplier Code**, which sets out the way in which we seek to work with our suppliers and the principles we ask that they respect. Upholding human rights is a fundamental commitment that we expect all our suppliers to share. Looking ahead, we plan to use this Supplier Code in all new tender and contract renewals.

2. **Risk assessment by market.** This year, we developed a self-assessment tool for each of our countries to assess their level of compliance with our Global Supply Chain Integrity Standards and to build greater awareness of potential supply chain risk. This tool will be rolled out in 2017 and includes the process by which we select, approve and assess our suppliers, and supplier compliance with our Code of Business Conduct; Purchasing and Supply Chain Policy and Ethical Trade requirements.

How are we doing?

Highlights from our 2016 Corporate Responsibility Key Performance Indicators

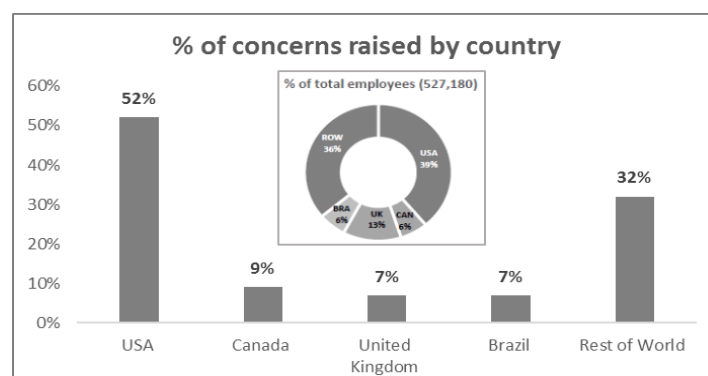
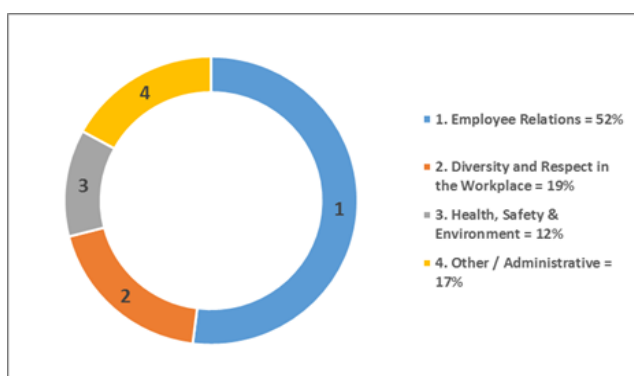
- 100% = Sign-up from new approved suppliers to Compass Code of Business Conduct
- 3,579 = Number of reports via the Speak Up line. Each case is investigated and followed up by an assigned case manager (in 2014/15, we received 3,317 reports)
- Spend on products from Fairtrade sources = circa £140m

Mini case study of our work this year

Speak Up: This year, we further developed our Speak Up programme – an independently managed confidential service - via which employees can report concerns in the work place via telephone or email, if they are witness to, or subjected to, any abuse of their human rights. The CR Committee and Executive Board receive regular reports on our performance regarding the nature of the reports we receive and agree specific actions as required.

This year, we have analysed the content of our reports via Speak Up, to ensure we focus on and direct resources to, potential areas of vulnerability:

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|--|-----|
| - Employee relations | 52% |
| - Diversity and respect in the workplace | 19% |
| - Health, safety & environment | 12% |
| - Other/administrative | 17% |



Labour

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

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

Our commitment to human rights includes our responsibilities as an employer of more than 500,000 people. As a service company, we believe our people are key to the success of our business. We respect and value the individuality and diversity that every employee brings. We do not tolerate any form of discrimination, and we seek to create a positive, open, working environment wherever we operate. We place the highest priority on the health and safety of our employees and actively encourage and support them in their career development. These commitments are embedded within our:

- **Code of Business Conduct**
- **Human Rights Policy**
- **Purchasing & Supply Chain Policy Statement.**

To ensure these principles are embedded across our operations, we require all suppliers, including labour agencies, to adhere to our Code of Business Conduct. This Code includes our expectations in respect of labour rights, slavery and human trafficking.

An important component of our responsibility to our employees, is their safety, enshrined in our Safety First philosophy. Our **Occupational Health & Safety Policy** sets out common minimum operating standards and behaviours which will be practiced at every location we operate. Our performance is reviewed at every management meeting in Compass Group and annually by the Board.

Implementation and progress this year

Regarding progress in 2016, we want to draw attention to two areas relating to the UNGC Labour Principles.

1. **UK's Modern Slavery Act 2015:** In October, we published our first statement pursuant to the requirements of the UK's Modern Slavery Act 2015. This includes how we address the risk of child or slave labour being used in higher risk business sectors (e.g. offshore client sites) and geographic regions (e.g. our businesses in the UAE, Qatar and Saudi Arabia, which source labour from India, Nepal, Bangladesh and the Philippines). View our statement at: <http://www.compass-group.com/1317.htm>.

2. **Employee awareness and engagement:** We have developed an e-learning programme for our internal recruitment and procurement teams to raise awareness of unethical labour practices. Specifically, it supports teams to identify potential slavery and human trafficking risks in our global supply chain. We have communicated our position on slavery, ethics, and anti-corruption to all senior management, country leads and communication teams.

How are we doing?

Highlights from our 2016 Corporate Responsibility Key Performance Indicators

- 29% = Reduction in our Lost Time Incident Frequency Rate (LTIFR): Since 2013, we have achieved a 29% reduction (2015: 29%). Sadly, we had one work related fatality as a result of a motor vehicle accident.
- 91% of employees responding to our 2016 Your Voice engagement survey said that 'Compass provides a safe place to work'.
- We have set a global commitment to promote gender equality:-
 - Female representation in the global workforce = 57% (2015: 57%)
 - Women holding global leadership team positions = 26% (2015: 23%)

Mini case study of our work this year

Apprenticeships: Every day, we're training, supporting and developing thousands of talented people across the global Compass business. From short-term internships and work placements to school age work experience and our Chef Academy it's something we're truly passionate about. In March 2016, our teams in the UK & Ireland marked the start of National Apprenticeship Week by announcing our goal to increase the number of apprentices to 1,500 by the end of 2017. Potential apprentices can enter schemes related to our core foodservice business or can pursue opportunities in a central function such as finance. We provide support and training to help apprentices attain relevant qualifications. We are proud that the retention rate for our UK apprentices is 86%.

Female representation: To achieve our global commitment to promote gender equality, we have established a series of programmes around the world.

For instance, in Turkey we are proud partners of the 'Women Chefs Development Program', a Government-supported initiative to support women in business.

In the UK and Ireland, we are championing female chefs including through our 'Women in Food' programme and by reviewing our working practices so we can identify where shift work and flexible working hours can be introduced, to help our chefs achieve a good work/life balance. We currently employ 4,393 chefs, of which 1,537 (35%) are female. This exceeds the industry average of 18.5%. We have pledged to have female chefs form 50% of our workforce in the UK and Ireland by 2020.

Environment

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

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

We recognise that as a global business, we have an impact on the environment, particularly in relation to energy use and food waste. We also recognise that we have a responsibility for the indirect environmental impacts generated across our entire supply chain. This is why we expect our suppliers and contractors to adhere to the same high standards that we set for ourselves.

Our **Environment Policy**, is based on the precautionary principle and sets out our objectives and targets against which we will measure and report on our environmental performance. This includes the reduction of food waste, water, energy, waste packaging and GHG emissions. Since 2008, we have used a web-based reporting tool to consistently track and report on our greenhouse gas emissions. Our performance against these objectives is reviewed at every management meeting and annually by the Board.

With reference to our wider impact, our **Purchasing & Supply Chain Policy**, sets out the requirements we expect our suppliers to comply with and our goal to reduce the environmental impact of our operations through the specification and selection of suitable products and packaging. Suppliers' environmental practices are assessed before their appointment including, where practicable, via completion of our detailed Supplier Evaluation Questionnaire on the Environment. We aim that our top 20 suppliers (based on Compass spend) confirm signed acceptance and compliance against specific Environmental Management requirements by 2018.

Implementation and progress this year

Regarding progress in 2016, we want to draw attention to two areas relating to our most significant environmental impacts:

1. **Food waste:** We are working with Winnow, a specialist food waste measurement company, to reduce the amount of food going to waste. This includes using a unique smart metering bin, which measures the type, volume and value of food as it is disposed. This information helps ensure we make better production decisions, by procuring the correct amount of food and reducing potential waste. By using the Winnow smart bin system, sites typically reduce waste by 40-70%, and over the past year in the UK we

have prevented 650 tonnes of food being wasted (approximately 1.6m meals) and over 2,800 tonnes of CO₂ being emitted.

2. **Greenhouse gas emissions (carbon):** Reflecting our ambitions to limit our environmental impact, we are establishing a Science Based Target¹ for energy and carbon reduction. This is to ensure our carbon reduction targets are in line with climate science and the need to reduce emissions between now and 2050 to limit global temperature rise by 2°C above pre-industrial levels.

How are we doing?

Highlights from our 2016 Corporate Responsibility Key Performance Indicators – which relate to our top 20 countries, representing 94% of total Group revenue:

- 13% reduction in total GHG emissions and 16% reduction in carbon emissions intensity since 2013
- 11% increase in spend on concentrated cleaning chemicals since 2015, which require significantly less water to be effective than standard cleaning chemicals
- 8% improvement in waste generated by Compass offices diverted from landfill since 2015
- 70% of units recover / recycle used cooking oil

Mini case study of our work this year

Support the development of diffusion of environmentally friendly technology...

China - Magic Cooker: Our team in China have implemented a cooking technology which enables high quality meals to be cooked using pre-prepared ingredients with a reduced cooking time. This 'Magic Cooker', provides great tasting and healthy food, using 80% less oil than traditional wok methods. It also helps to reduce our energy use by up to 34%, thereby reducing our carbon footprint. Finally, because the Magic Cooker does not require water to be added, it helps our team save an estimated 39,000 litres of water a year.

UK – Waste reduction: Since 2013, our team in the UK have been working with Winnow, a specialist food waste measurement company, to reduce the amount of food going to waste. We are delighted to be rolling the Winnow system out to 300 sites across the UK by June 2017.

“Compass has been an important and supportive partner since the very beginning. They immediately saw that Winnow could help them cut food waste in their kitchens and understood the benefit to the planet as well as the bottom line. Over the last three years, their feedback has helped us to improve and refine the technology – this will benefit the whole hospitality sector, not just their business.”

Marc Zornes, CEO and co-founder, Winnow

¹ Targets adopted by companies to reduce GHG emissions are considered “science-based” if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures (IPCC)

Anti-Corruption

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

Assessment, Policy and Goals

Bribery, corruption, exploitation and all other forms of unethical business activity are not victimless practices. Innocent individuals suffer. Corrupt business behaviour has a seriously detrimental and distorting effect on legitimate trade across the world. As a world leader in our field, we recognise that we must set the very highest standards for ethical business practice. Every individual employee shares a responsibility to uphold these standards and to conduct our business in a professional, safe, ethical and responsible manner.

We will not tolerate bribery or corruption in any form. Our **Code of Business Conduct** explains our approach and helps us to comply with regulation such as the UK's Bribery Act 2010. The Code sets out our commitment on how to do business in a fair way: treating everyone – customers, colleagues, investors, suppliers and sub-contractors, as well as the wider community – with honesty, integrity and respect. For instance, 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.

To implement the Code, we have established reporting and compliance procedures. This includes the appointment of a senior compliance officer in each company, training for relevant employees, raising awareness of our whistle-blowing procedures for employees and suppliers, and the integration of the Code of Conduct into employee and supplier contracts. All employees whose location or role poses a potential corruption risk must complete our anti-bribery and corruption training module. As Group General Counsel and Company Secretary and as part of my role within the CR committee and audit committee, I am ultimately responsible for overseeing any concerns around ethics and anti-corruption

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 other stakeholders in the wider community.

Other relevant policies include:

- Fraud Policy
- Group Gifts and Hospitality Policy
- Group Approvals Manual

Implementation and progress this year

We have established a series of procedures to ensure anti-corruption is embedded in every level of our organisation and is reviewed annually. On a local level, every business unit must annually submit their Anti-Bribery and Corruption risk assessment. All senior management are required to review and sign that they have abided by the Code of Business Conduct, of which anti-bribery and corruption is an important component. Finally, at a global level all members of the Global Leadership, who are responsible for the majority of our purchasing contracts, must sign that they have abided with the Code before they are able to proceed with their annual performance review.

How are we doing?

Highlights from our 2016 Corporate Responsibility Key Performance Indicators

- 100% of new contracted approved suppliers to sign the Compass Code of Business Conduct (CBC) by 2016 - **Achieved.**
- We continue to implement measures to maintain the profile of the CBC with our employees, which has helped to address any local issues arising in our business and encouraged the maintenance of standards within our supply chain. Our Competition Law and Ethics toolkits continue to be used to good effect across the global business. These are focused on business sectors and geographic regions of higher-risk.
- More than 3,000 senior managers completed the online modules successfully. In addition, the 2015/16 confirmation of compliance with the Code of Ethics and CBC is sought from all senior and head office employees on an annual basis.

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