

Compass Group PLC

UN Global Compact

Communication on Progress 2018



Issued 4th January 2018

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. Each year, we do more to incorporate broader social, ethical and sustainable practices as 'business as usual' across our global business. Through this report, we are pleased to share our progress over the last year.

We are particularly proud to report progress made in relation to our approach in tackling modern slavery. To date, 200 colleagues from our Foodbuy procurement teams in the UK and North America (accounting for around 70% of global procurement spend) completed eLearning training to improve their awareness of the potential risks of human trafficking and slavery in the supply chain. We are committed to growing this figure and extending the eLearning across our top twenty countries by 2020.

Also, our businesses in the UK and Turkey have set up Women in Food programmes to tackle the current shortage of female chefs. By 2020, we expect that 50% of the chefs in our UK workplace will be female and in Turkey, the number of female colleagues in the workplace has already doubled over the last five years.

Furthermore, our UK business has been doing excellent work to tackle food waste and following a successful pilot with 70 sites in the UK, we have started to roll out to operations around the world. To date we have 273 sites in six countries. Every year we are saving more than 5,000 tonnes of CO₂ and preventing 2.9 million meals from being wasted – one every 11 seconds.

Over the last couple of years, we have mapped our capability to make a positive impact against the UN Sustainable Development Goals (SDGs). This year, we have carefully examined our role in tackling global and systemic challenges and we know that to meaningfully address these, we need to further develop a partnership approach to share best practice, develop our policies and practices to address our key CR impacts. We have a wide range of stakeholders who influence, or are affected by, our day to day business with varying needs and expectations.

This year, I am pleased to report that we have also received recognition from key sustainability indices that focus on economic, environmental and social factors that are relevant to a company's success. We have performed well this year, including our achievement in the Carbon Disclosure Project (CDP) of a 'Leadership' score of A- in the Climate Change module. In DJSI RobecoSAM, we scored 70% across all three dimensions (economic, environmental and social) which is well above the industry average of 39%. This now places us in both their World and Europe ratings.

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 also recommend reviewing our CR Report and encourage you to take a look at the CR reports provided by colleagues in our North America and UK businesses, which reflect their passion for the positive impact that they have on their local communities and how they contribute to the broader Compass global commitments.



Mark J. White
Group General Counsel and Company Secretary Compass Group PLC
4th January 2018

About Compass

Compass is the world's leading food service company. Each year we serve over 5.5 billion meals. We employ more than 550,000 dedicated people in around 50 countries, and work in more than 55,000 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

We continue to focus on the areas where we believe we can make the most positive social impact, including developing our people, the health and wellbeing of our colleagues and consumers, the responsible use of resources and the integrity of our supply chain, all underpinned by Safety First in everything we do.

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

Safety first: Health and safety is our <u>number one</u> 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)

Last year, we conducted a review of how our business activities could deliver toward the SDGs at a global and local level. We recognise the clear correlation between the SDGs and the 10 Principles of the United Nations Global Compact and the importance of the SDGs in addressing the challenges facing our planet and society. Of the 17 SDGs, we have identified eight where we believe we can make the most positive social impact.



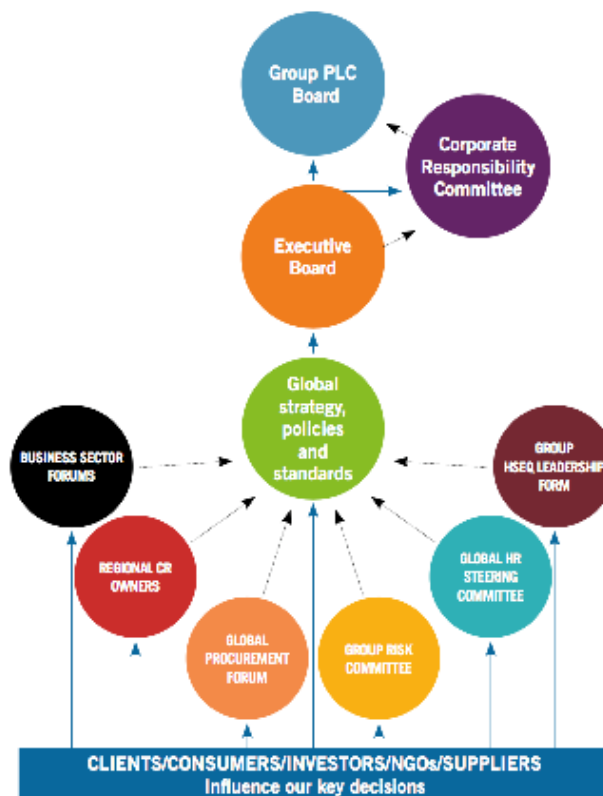
- **Goal 2:** End hunger, achieve food security, improved nutrition and sustainable agriculture.
- **Goal 3:** Ensure healthy lives and promote wellbeing for all at all ages.
- **Goal 5:** Achieve gender equality and empower all women and girls.
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Goal 12:** Ensure sustainable consumption and production patterns
- **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. To read more about our integrated approach to the SDGs, please see our 2017 CR Interim Update, specifically pages 4 and 5.

Our CR Governance

Our overall commitment to good corporate governance is overseen by the Corporate Responsibility Committee of the Board. Established in 2007, the CR Committee continues to provide direction and guidance on all aspects of business practice and responsibility, taking into account the overall strategic plan.

The Committee's primary responsibilities include: endorsement of CR policies; overseeing workplace health and food safety performance; supply chain integrity; environmental practices; business conduct and the positive promotion of employee engagement, diversity and human rights. In addition to supporting the development of our longer-term CR vision, the Committee has driven an improvement in the scope of our CR commitments and the number of countries reporting against them.



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 to ensure human dignity. Although some understand human rights to be a relationship exclusively between state and citizen, Compass Group recognises the principles laid out in the UN Guiding Principles on Business and Human Rights and takes the responsibility to respect human rights very seriously. We fully support everyone's entitlement to human rights and respect 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 includes coverage of:

- non-discrimination and behaviour towards vulnerable groups
- civil and political rights
- economic, social and cultural rights
- fundamental principles and rights at work

The policy sets out the responsibilities of our employees and our leadership team, and establishes the indicators we use to assess our performance in this area. We are committed to reviewing this policy on a periodic basis and plan to do so during 2018.

More detail on our approach to specific human rights, such as our relations with employees and others such as suppliers, are covered in greater detail in specific policies (e.g. Code of Business Conduct and Code of Ethics), which can be viewed on our website at www.compass-group.com

As part of this commitment to respect human rights, we take great care in selecting the companies who supply us. Our [Supply Chain Integrity Policy Statement](#), 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.

During the year, we have further evolved our global Supply Chain Integrity Standards to provide greater emphasis on supply chain mapping and responsible sourcing. The new global Supply Chain Integrity Standards are progressively being rolled out across all countries from 2017 through to 2018.

Measurement and outcomes

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. Engaging with our suppliers: Our Compass Supplier Code 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. The roll out of this Supplier Code is a key priority for the year ahead.

2. Risk assessment by market. Last 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 was rolled out in 2017 and incorporates the process by which we select, approve and assess our suppliers, supplier compliance with our Code of Business Conduct; Purchasing and Supply Chain Policy and Ethical Trade requirements.

Highlights from our 2017 Corporate Responsibility Key Performance Indicators

- 100% implementation of the new global Supply Chain Integrity Standards
- 3,697 = Number of reports via the Speak Up line. Each case is investigated and followed up by an assigned case manager (in 2015/16, we received 3,579 reports)
- Spend on products from Fairtrade sources = circa £150m, £10m more than last year.
- 90% of countries with programmes in place to support: sustainable fish/seafood; Fairtrade and ethically sourced products; and locally sourced products

Case study

Speak Up: Over the last couple of years, we have been working to further develop our Speak Up programme and improve the level of employee awareness. Speak Up is an independently managed confidential service for employees that enables them to 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 country performance regarding the nature of the reports received 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:

- Employee relations 56%
- Diversity and respect in the workplace 16%
- Health, safety & environment 7% - Other/administrative 21%

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 550,000 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. In line with the Core ILO Conventions¹, we do not tolerate any form of discrimination, and we seek to create a safe, positive, open, working environment wherever we operate.

¹ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

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](#)
- [Supply Chain Integrity 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 [Workplace 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 monthly by the Executive Board.

Measurement and outcomes

Regarding progress in 2017, we would like to draw attention to two specific areas relating to the UNGC Labour Principles.

- 1. Elimination of discrimination:** To tackle discrimination and promote diversity, we have focussed on female representation. In order to achieve our global commitment to promote gender equality, we have established a series of programmes around the world. We are proud partners of the 'Women Chefs Development Programme', 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 that 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.

In Turkey, The Women Chefs Development Programme in Turkey is designed to help housewives and those who have not completed their education, as well as new graduates, to enter the world of business and support their families financially. It provides trained employees for the catering and hospitality management sectors. We partnered with the Government Employment Office as Sofra/Compass Group Turkey to launch the Women Chefs Academy and have also helped with the training. Each programme has 40 participants and the best students are offered jobs with us. We have succeeded in doubling the number of our female workers in Turkey in the last five years.

We are also setting ourselves the goal to **increase** the number of women holding senior leadership team positions across our global business each year.

- 2. UK Modern Slavery Act 2015:** we have now published two statements pursuant to the requirements of the UK Modern Slavery Act 2015. Our focus this year has been training. We have developed an e-Learning programme for the Group's procurement teams which is designed to raise awareness of the issue of slavery and human trafficking and to help identify and mitigate potential risks from our global supply chain. In 2016-2017, 200 colleagues from our Foodbuy procurement teams in the UK and North America (accounting for around c.70% of global procurement spend) completed the programme.

By 2020, we are committed to extending the eLearning programme to our top twenty countries which together account for over 80% of our global procurement spend. Moving forward, we are committing to track the following KPIs:

- % of newly contracted approved suppliers who have signed the Compass Code of Business Conduct (2017: 100%)
- Number of concerns relating to slavery and human trafficking reported by employees globally, via Speak Up (2017: Nil)
- Number of concerns relating to slavery and human trafficking reported by suppliers globally, via Speak Up (2017: Nil)
- Number of buyers in our Foodbuy procurement teams who have successfully completed our slavery and human trafficking e-learning programme (2017: 200)
- % of contracted approved suppliers to our UK business who have shared information with us via the SEDEX ethical sourcing platform (2017: 30%)

See our [Modern Slavery and Human Trafficking Statement](#) for more information.

Highlights from our 2017 Corporate Responsibility Key Performance Indicators

- Since 2014, we have achieved a 26% reduction in our Lost Time Incident Frequency Rate performance. This year, with a continued focus on embedding a strong safety leadership culture, we have achieved an improvement in our performance compared to last year, resulting in 15% less lost time incidents across our global business. Sadly, we had two work related fatalities as a result of motor vehicle accidents.
- 91% of employees responding to our 2016 Your Voice engagement survey said that 'Compass provides a safe place to work'.
- In 2017, we were ranked #236 out of 500 in the **Forbes Global 2000 World's Best Employer** list. The top 500 employers are selected after analysis of more than 360,000 global recommendations.
- We have set a global commitment to promote gender equality:
 - Female representation in the global workforce = 55% (2016: 57%)
 - Women holding global leadership team positions = 28% (2016: 26%)

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 regularly at management meetings and annually by the Board.

With reference to our wider impact, our [Supply Chain Integrity Policy Statement](#), 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, 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 in 2018.

Measurement and outcomes

Regarding progress in 2017, we would like 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 rubbish bin, which measures the type, volume and value of food as it is disposed. This information helps ensure that 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

2. Greenhouse gas emissions (carbon): Reflecting our ambitions to limit our environmental impact, we are establishing a science based carbon reduction plan. 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. Our process to implement ambitious Science Based Targets (SBTs) for GHG emissions is nearing completion. We have conducted extensive scenario testing of SBTs using a number of methodologies accredited by the Science Based Targets Initiative (SBTI). Following this exploratory exercise, we have now established our methodology and have modelled SBTs at a global and regional level. We will publish details of the new targets in the coming year following their implementation and external validation of our targets by the SBTI. This process will see us adopting a reduction in the intensity of our GHG emissions of 50% through to 2030, following a carbon reduction pathway of defined interim targets.

By aligning our targets with climate science, this protects us from future regulatory impacts, reinforces our good reputation for corporate governance and will provide momentum to drive long term cost reductions through innovation.

Highlights from our 2017 Corporate Responsibility Key Performance Indicators – which relate to our top 20 countries, representing 94% of total Group revenue:

- 23% reduction in total GHG emissions and 18% reduction in carbon emissions intensity since 2014
- 40% increase in spend on concentrated cleaning chemicals since 2015, which require significantly less water to be effective than standard cleaning chemicals
- 16% improvement in waste generated by Compass offices diverted from landfill since 2015. We had hoped to reach 25% by 2017.
- Continue to improve our recycling of used cooking oil to reach our target of 100% of all units by 2020. Last year, our UK business sent around 900,000 litres of used cooking oil to be recycled into biodiesel.

Case Study

Food waste is a particularly significant issue for the hospitality industry. As part of our commitment to source, use and dispose of our food and non-food products in a sustainable manner, we are continually looking to reduce waste throughout our businesses.

Since 2013, our team in the UK has been working with Winnow, a specialist food waste measurement company, to reduce the amount of food going to waste. Following a successful pilot with 70 sites in the UK, we have started to roll out to operations around the world. To date, we have 273 sites in six countries where Winnow is live – in the UK, Ireland, Norway, China, Singapore and Hong Kong. Every year, we are saving more than 5,000 tonnes of CO₂. That's the equivalent of taking more than 1,000 cars off the road for 12 months. Each year, we are preventing 2.9 million meals from being wasted – one every 11 seconds.

“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. 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

Anti-Corruption

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

We are pleased to report that our work in anti-corruption has been so deeply embedded into our business operations and culture that our position from last year remains broadly unchanged.

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 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 (*internal purposes only*) include:

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

Measurement and outcomes

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. Our Code of Business Conduct incorporates our Code of Ethics and sets out the clear standards of behaviour that we expect all of our people to follow in dealing with colleagues and those outside the Group such as customers, suppliers and other stakeholders.

The Code underpins our social, ethical and environmental commitments and demonstrates our commitment to the responsible business practices. Finally, at a global level all members of the Global Leadership team 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.

Highlights from our 2017 Corporate Responsibility Key Performance Indicators

- 100% of new contracted approved suppliers sign the Compass Code of Business Conduct (CBC)
- 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.

For further details - contact

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