

# Task Force on Climate-related Financial Disclosures (TCFD)

**We set out below our climate-related financial disclosures, which are consistent with the four pillars and all 11 disclosure requirements of the Task Force on Climate-related Financial Disclosures, including the TCFD all-sector guidance, and in compliance with the requirements of LR 6.6.6(8) (UK Listing Rules).**

**This disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.**

## Executive summary

Climate change poses a significant risk to our planet, people and economies. Rising global temperatures, water stress and extreme weather events impact supply chains, crop yields and community livelihoods. We are proud of the work of our businesses in partnership with their clients to support our shared goals to tackle this risk. Sustainability is important to our business and our long-term success, and is part of our identity, from our chefs to our executive leadership.

We have many operational levers at our disposal to mitigate supply chain disruptions, through our procurement scale, sourcing flexibility, menu management and culinary and digital innovation. There is no single solution to this global challenge, and we are making changes across our business units and their supply chains. Measuring, tracking and understanding how climate change impacts our operations, our clients and our strategy is a key priority for the Group.

The purpose of this TCFD statement is to provide investors and wider stakeholders with a better understanding of our exposure and strategic resilience to climate-related risks, and to enable us to identify climate-related opportunities that are material to the Group. We consider all risks and opportunities evaluated in this statement to be industry-wide, applying to each of our sectors, our competitors and other key stakeholders.

The outputs from the qualitative and quantitative analysis were rolled over from our 2023 disclosure. This decision was made in conjunction with our external advisers, as no internal or external factors changed that could materially impact the outputs of the analysis. The qualitative and quantitative scenario analysis will be repeated at a minimum every three years in line with the relevant regulations.

This disclosure has, however, evolved with the inclusion of a Transition Roadmap. The Transition Roadmap sets out how we will deliver our climate commitments. Our transition is built on three key strategic levers: our supply chain; our operations; and our clients and consumers. These levers will guide our sustainability priorities, transition activities, and strategic ambition and will form the basis of our inaugural Group-level climate transition plan.

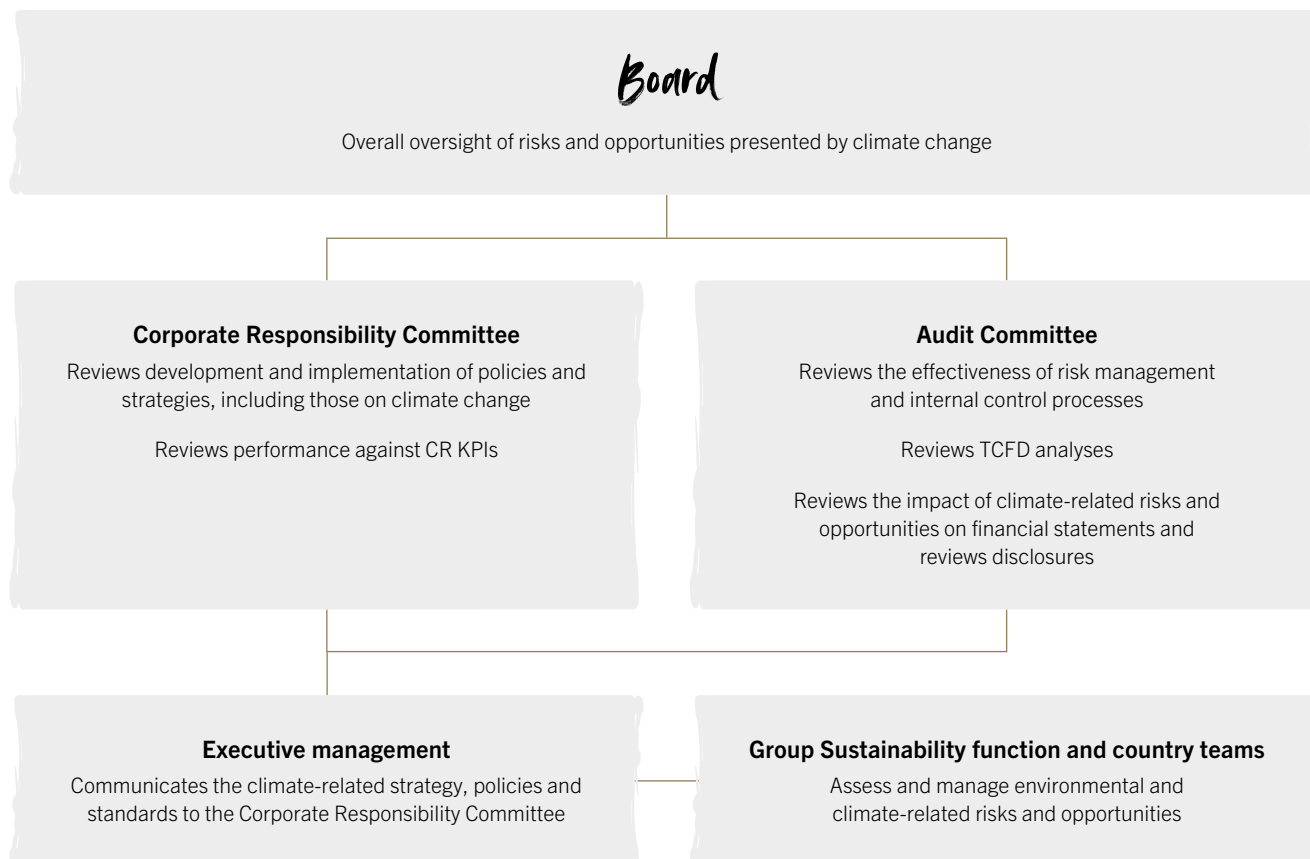


## Governance

Compass has well-established governance structures designed to effectively oversee the management of its principal risks, including climate change risks and opportunities. Principal risks are reviewed biannually by the Board. Climate change is a principal risk and it was embedded into our risk management processes in 2021 (see page 24).

Climate-related risks and opportunities are identified, overseen and managed at the highest levels of the Company through the following governance structures and processes:

- the Board has overall responsibility for oversight of the management of climate-related risks and opportunities, which it exercises through the Corporate Responsibility (CR) Committee and the Audit Committee
- the CR Committee meets at least three times a year and comprises all of the directors. It receives reports at every meeting from the Group Chief Commercial Officer (CCO), the Global Director of Sustainability and other senior managers to ensure that progress is being made towards meeting the Group’s specific CR KPIs and ongoing CR commitments, including greenhouse gas (GHG) emissions and food waste reduction targets
- the Audit Committee meets at least three times a year and comprises all the independent Non-Executive Directors of the Board. In line with the governance process used for financial management, it considers the potential impact of climate change on the financial statements, including the output of the Group’s scenario analysis, the costs to achieve the Group’s climate net zero commitments, and their impact on the financial statements and related disclosures
- executive sponsorship is shared jointly between the Group CEO and Group CCO, who have the highest management-level responsibility to form, review and communicate the Company’s climate-related global strategy, policies and standards. This includes setting and reviewing progress towards targeted KPIs, identifying and assessing climate-related risks, and managing and monitoring associated opportunities
- they are supported at an operational level by the Global Director of Sustainability, who leads the Group Sustainability function. This function provides support to the Group’s regions and countries to ensure sustainability strategies are implemented and climate-related risks and corresponding controls and mitigations are reviewed on an ongoing basis
- at Executive Committee level, the regional Chief Executive Officers (CEOs) are responsible for managing climate-related risks and opportunities for their respective regions. At a country level, the country managing directors are responsible for managing climate-related risks and opportunities in their respective markets



## Strategy

### Climate-related risks and opportunities and their impact on the operations of the Group

In partnership with external climate resilience experts, our specialist internal teams conducted qualitative and quantitative risk assessments and scenario analysis to identify climate-related risks and opportunities.

We want to ensure that our strategy is resilient and set up to deliver on our Planet Promise of a sustainable future for all. This encompasses our values as an ethical, sustainable and inclusive business, and is key to our growth aspirations.

We are committed to reaching climate net zero by 2050, supported by our Sustainable Financing Framework, and have plans in place to mitigate and adapt to climate-related risks and a future climate transition. Our strategic investments enable the Group and its businesses to capitalise on climate-related opportunities and help clients realise their sustainability goals effectively and efficiently.

We continue to acquire and implement cutting-edge technologies to enhance our sustainability services for clients and maximise the opportunities likely to arise from the climate transition. Strategic investment in our monitoring and measurement capabilities enables our businesses to offer detailed and tailored roadmaps for clients and positions the Group as a trusted partner in helping clients achieve their own sustainability goals.

### Scenario analysis

Our scenario analysis comprises three climate scenarios (1.5°C, 2.5°C and 4°C) for which we have considered physical risks, transition risks and related opportunities. These three climate scenarios, which are explained in more detail in the table below, were chosen by our specialist internal team, which includes representatives from the Sustainability, Finance, Commercial and Procurement functions, in consultation with our expert external partners. The outputs from the qualitative and quantitative analysis were rolled over from our 2023 disclosure.

Scenario	Key attributes	Rationale for inclusion	Pathway to cost increase
<b>Scenario A – 1.5°C by 2100</b> (SSP 1/RCP 2.6 combination)	The world takes rapid and drastic action to limit global warming and meet the ambition of the 2015 Paris Agreement: <ul style="list-style-type: none"> <li>– coordinated action across public and private sectors</li> <li>– low-carbon technologies take over from fossil fuels</li> <li>– shift in consumer demand and preferences towards low-carbon products and services</li> </ul>	A < 2°C scenario is required by TCFD. This scenario allows Compass to explore transition risks in key markets, consider changes in consumer and client preferences and understand competitor and stakeholder pressures.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.
<b>Scenario B – 2.5°C by 2100</b> (SSP 2/RCP 4.5 combination)	The world follows a path in which social, economic and technological trends do not shift markedly from historical patterns: <ul style="list-style-type: none"> <li>– development and income growth proceeds unevenly</li> <li>– middle-of-the-road emissions with inconsistent technological process</li> <li>– global and national institutions work towards, but make slow progress in, achieving the UN Sustainable Development Goals</li> </ul>	This scenario allows Compass to prepare for a disorderly transition away from fossil fuels. Under the 2.5°C scenario, Compass examines both physical and transition risks and opportunities.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions, and production losses leading to higher procurement costs.
<b>Scenario C – 4°C by 2100</b> (SSP 5/RCP 8.5 combination)	The world continues to use fossil fuels as the engine of economic growth, resulting in worst-case levels of global warming: <ul style="list-style-type: none"> <li>– severe and frequent extreme weather, with chronic changes to seasonal weather patterns</li> <li>– extensive business disruption, severely damaging economic growth</li> <li>– protectionist government policies to build resilience to climate change</li> </ul>	This scenario allows Compass to assess the impact of acute and chronic physical climate-related risks and opportunities on the business, supply chain, supplier network, and stakeholders.	Loss in production leads to higher procurement costs due to the costs involved in switching sourcing. No carbon, plastic or food tax is assumed.

## Scope and assumptions

### Time horizon

We consider three time horizons – three years (short-term), four to 10 years (medium-term) and greater than 10 years (long-term) – to be relevant for our scenario analysis, with the assumption that climate-related issues often manifest over the medium to long-term:

- short-term – three years is the period reviewed by the Board in its annual strategic planning process and is aligned to the typical length of the contracts in the Group’s businesses (three to five years). It is also consistent with the time period of the Group’s Viability statement (see page 29)
- medium-term – four to 10 years allows for the outcomes of scenario analysis to influence the development of our strategic objectives
- long-term – analysis over a period of 10 years or longer is more uncertain due to the limited availability of data on the long-term impacts of climate change, the severity of which will be contingent on the actions taken over the short and medium-term

### Geographic and product scopes

The scope of our scenario analysis includes consideration of four countries and seven product categories to provide granular insight into how the impacts of climate-related risks and opportunities vary across geographies and products in each time horizon. We do not believe there would be any material differences in the outcomes if we considered different sectors in this exercise as our business model is similar across sectors.

The geographic scope of the scenario analysis was determined on the basis of both materiality (with the US, UK, Australia and France representing 79% of the Group’s underlying revenue in 2024) and reach (with each of our reporting regions – North America, Europe and Rest of World – represented in the analysis). The balance of our underlying revenue comprises multiple countries, with no individual country representing more than 4% of the Group’s total underlying revenue in the year.

The product focus for the scenario analysis was protein (beef, pork, poultry and dairy), produce (fruit and vegetables) and beverages. Together, these products represented more than 60% of the total MAP 3 analysed spend in the four in-scope countries.

## Qualitative scenario analysis

The impacts on the business of the climate-related risks and opportunities identified in the scenario analysis were discussed with leaders and management across the in-scope markets. Workshops with our specialist internal teams, market representatives, Group senior management and external climate resilience experts were held to qualitatively assess each risk and opportunity to determine the possible operational and financial impacts. Participants included representatives from the Sustainability, Finance, Commercial and Procurement functions. The likelihood and impact of the risks were ranked.

The table on pages 45 and 46 summarises the risks and opportunities identified and, for each one, shows the potential impact, geographical exposure and time horizon during which the impact is expected to materialise. The table also highlights for each risk the strategic business model levers and operational measures available to the Group to mitigate the impact and seize the opportunities identified. Many levers and operational measures are ones we regularly deploy and will allow us to mitigate the impacts to levels deemed minor or negligible.

Climate-related risks and opportunities are continuously reviewed together with other business risks as part of our biannual Major Risk Assessment (MRA) process. They are assessed based on their potential impact on profit before interest and tax (PBIT) in accordance with the criteria set out in the Board-approved Risk Management Policy (see page 23).



## Multiple material levers we can use to mitigate these risks

The table below shows the relevant physical and transition risks and opportunities identified for Compass, including an assessment of potential impact, likely time horizon and geographic exposure.

Risk/opportunity and time horizon	Description and impact	Exposure	Mitigation
<b>Acute physical risks</b>			
<b>Drought and extreme heat (S)</b> Increased drought and extreme heat events <b>1 2</b>	Transportation disruptions, crop stress leading to reduced yields and/or catastrophic crop failure, raw material shortages and increased operating costs. Transportation routes in the Australian market are vulnerable to disruption from wildfires.	US, UK, Australia and France	<ul style="list-style-type: none"> <li>– flexible menu planning arrangements that allow our businesses to select local, seasonal and readily available ingredients</li> <li>– minimising food waste to maximise value of limited resources</li> <li>– strategic diversification of suppliers and sourcing regions to reduce reliance on single-source ingredients</li> <li>– increased use of alternative farming methods (e.g. indoor vertical farming)</li> </ul>
<b>Extreme weather events (L)</b> Increased flooding, hurricanes and cyclones	Increased crop stress, reducing yields and/or catastrophic crop failure from flooding, and distribution-network failures from weather damage (due to flooding, hurricanes and cyclones) to public infrastructure, disrupting operations and sourcing while increasing operating costs.	US, UK, Australia and France	<ul style="list-style-type: none"> <li>– flexible menu planning</li> <li>– minimising food waste</li> <li>– strategic diversification of suppliers and sourcing regions</li> <li>– flexible contractual terms with suppliers to manage and mitigate short-term disruption</li> <li>– contingency planning and rapid response to emergency situations (e.g. the Emergency Preparedness team in the US)</li> </ul>
<b>Chronic physical risks</b>			
<b>Extreme heat (L)</b> Increased global temperatures leading to climate-related health impacts, diseases and pests <b>3</b>	Increased range, spread and distribution of weeds, disease, pests and fungi, reducing crop yields. Extreme heat and disease leading to cow weight loss and lower milk production. Increased exposure of agricultural workers to extreme heat in Australia and US, limiting operational hours and increasing operating and key input costs for farmers.	Global	<ul style="list-style-type: none"> <li>– market-based initiatives to support farmers (e.g. Compass US supporting the Carolina Farm Stewardship Association to provide advice and support to small farmers), focusing on sustainable farming practices and climate resilience</li> <li>– strategic diversification of suppliers and sourcing regions</li> <li>– increased use of alternative farming methods (e.g. indoor vertical farming)</li> <li>– reducing food waste</li> </ul>
<b>Water stress (L)</b> Increased water stress and scarcity <b>4</b>	Increased water stress in Australia and the US leading to reduced water availability for cattle feed, reducing dairy and beef herd sizes and production, and increasing costs of key inputs. Reduced water availability for beverage suppliers, disrupting production and increasing costs of key inputs.	US and Australia	<ul style="list-style-type: none"> <li>– using analytical tools (e.g. carbon footprinting) to allow operators to improve energy, water and waste performance through menu and equipment management</li> <li>– strategically building competitive sourcing programmes in alternative categories (e.g. meatless proteins and dairy alternatives)</li> <li>– reducing food waste</li> </ul>
<b>Transition risks</b>			
<b>Taxation (S/M)</b> Taxation on animal protein (beef and dairy) and transportation	Higher compliance costs or increased insurance premiums on carbon use. Increasing costs and/or decreasing revenue due to taxation on the production and sale of beef and dairy. Increased carbon taxation on GHG emissions associated with the transport and distribution of products and services, increasing operating costs.	Global	<ul style="list-style-type: none"> <li>– continued menu reformulation and accelerated plant-forward strategy</li> <li>– reducing food waste</li> <li>– continued close collaboration with key suppliers on GHG emissions reduction</li> <li>– building local sourcing options to reduce food miles mature pricing practices and processes</li> </ul>

S Short-term M Medium-term L Long-term

**1 2 3 4** The four specific risks identified by the Group as the most relevant physical climate-related risks, which were the focus of the quantitative scenario analysis (see table on page 43).

Risk/opportunity and time horizon	Description and impact	Exposure	Mitigation
<b>Transition risks continued</b>			
<b>Market (M)</b> Changing consumer preferences and behaviours away from animal proteins (meat and dairy)	Reduced demand for certain products, services and menus, and impact on competitive market position due to shifts in consumer preferences.	US and UK	<ul style="list-style-type: none"> <li>– continued menu reformulation to reduce animal protein on the plate</li> <li>– reducing food waste</li> <li>– plant-forward training for our chefs</li> <li>– expanding use of technology and consumer apps to display carbon labelling</li> <li>– working with suppliers on new plant-forward options and reduced-carbon ingredients</li> <li>– strategically building competitive sourcing programmes in alternative protein categories</li> </ul>
<b>Policy and legal (S/M)</b> Regulation on plastic and food waste	Increased cost of use (through increased taxation or ban on use) and disposal of plastics leading to loss of revenue and increased regulatory disciplinary action. Fines due to inefficient food waste management, increasing operating costs.	Global	<ul style="list-style-type: none"> <li>– application of technology to measure our food waste footprint (supporting our food waste reduction objectives)</li> <li>– exploring and implementing solutions to move away from single-use and fossil-fuel-based plastics (e.g. in Australia, Compass has already made the transition ahead of federal and state legislation)</li> </ul>
<b>Opportunities</b>			
<b>Resource efficiency (M)</b> Reduction in food waste across all operations	Cost reductions and reputational benefits resulting in increased demand for goods/ services and increasing revenue.	Global	<ul style="list-style-type: none"> <li>– continued rollout of and investment in proprietary technology to measure our food waste footprint (e.g. Waste Not 2.0)</li> <li>– food waste KPI added to executive and senior management annual bonus plan</li> <li>– food reclamation partnerships to repurpose food waste into meals for community support</li> </ul>
<b>Market (S)</b> Shift in consumer preferences towards plant-based menus and products	Opportunity to become a market leader in plant-based meals, resulting in increased demand and increasing revenues.	Global	<ul style="list-style-type: none"> <li>– continue to expand our offer of healthy, lower-carbon, plant-based menu items, reformulating menus in line with our plant-forward strategy</li> <li>– increase share of seasonal and locally-sourced products</li> <li>– use of eco-labels to accelerate the transition and position Compass as a market leader in this field</li> </ul>
<b>Resilience (M)</b> Use of operational and strategic levers such as procurement scale, menu management, and culinary and digital innovation to mitigate climate-related supply chain disruptions	Higher availability of products compared to competitors, and increasing consequent revenues.	Global	<ul style="list-style-type: none"> <li>– expand use of existing operational and strategic levers globally</li> <li>– leverage global procurement strategy to reduce exposure to fluctuations in raw material costs</li> <li>– flexible menu planning and pricing</li> </ul>
<b>Energy sourcing (M)</b> Use of lower emission sources of energy, switch to renewable electricity across all operations and transitioning of all fleet vehicles to 100% fully electric	Reduced exposure to fossil fuel prices, and lower operating costs.	Global	<ul style="list-style-type: none"> <li>– continue seeking to improve operational efficiency and use new technologies that emerge as the sector transitions to a low-carbon economy</li> <li>– increasing adoption of 100% fully electric vehicles by our businesses</li> <li>– continue the transition to renewable energy across our owned and operated sites</li> </ul>
<b>Physical opportunity (L)</b> Crop diversification and increasing local sourcing (especially in higher latitudes)	Increased growth viability resulting in reduced logistical emissions and costs.	Global	<ul style="list-style-type: none"> <li>– allocation of funding towards new production techniques such as regenerative agriculture, vertical farming and hydroponics; transitioning farmers from traditional farming</li> <li>– Compass Netherlands has partnered with Local2Local, a platform that enables farmers and producers to sell their products locally</li> </ul>

## Quantitative scenario analysis

The outputs from the quantitative scenario analysis were rolled over from our prior year disclosures. This decision was made in conjunction with our external advisers, as no internal and external factors changed that could materially impact the outputs of the analysis. The quantitative scenario analysis will be repeated a minimum of every three years in line with the relevant regulations.

As part of our quantitative scenario analysis, each of the risks and opportunities identified during the qualitative scenario analysis was considered for quantification based on the level of risk identified, its likelihood and the additional insight that would be gained from quantification.

Consistent with the qualitative scenario analysis our modelling includes short-, medium- and long-term timeframes (2025, 2030 and 2050) and four countries (US, UK, Australia and France). Our analysis focused on the four most relevant physical climate risks identified during the qualitative scenario analysis: acute drought and heat events, and chronic water stress and temperature increases.

These were modelled under the three climate scenarios, A, B and C, explained on page 43, across the relevant markets and each of the short-, medium- and long-term timeframes.

The chronic risks were only modelled for the US and Australia on the basis that of the four, only these countries are expected to experience temperature increases at levels that will impact livestock and milk production. The food products selected for the quantitative scenario analysis focused on protein (beef, dairy, poultry and pork) and produce (fruit and vegetables).

In 2022, we modelled transition risks relating to carbon taxation. We consider that the conclusions of that analysis remain relevant and therefore they have not been re-modelled.

The table below shows the results of the 2023 quantitative scenario analysis in respect of physical risks, together with the 2022 low-carbon transition scenario. We are confident that our strategic business model levers and operational measures will allow us to mitigate the impacts to levels deemed minor or negligible.

## Quantification of potential cost impacts by climate scenario

Risk	Type	Description	Impact	Country	Focus area	Cost impact <sup>1</sup> – 2025/2030			Cost impact <sup>1</sup> – 2050		
						A (1.5° C)	B (2.5° C)	C (4° C)	A (1.5° C)	B (2.5° C)	C (4° C)
Drought ①	Acute	Prolonged period of abnormally low rainfall leading to a shortage of water	Crop stress leading to reduced yields	US, UK, Australia and France	Poultry, pork, produce	●	●	●	●	●	●
Extreme heat ②	Acute	Prolonged period of abnormally high surface temperatures	Crop stress leading to crop failure	US, UK, Australia and France	Poultry, pork, produce	●	●	●	●	●	●
Extreme heat ③	Chronic	Sustained abnormally high surface temperatures	Heat leading to cow weight loss and lower milk production	US and Australia	Beef, dairy	●	●	●	●	●	●
Water stress ④	Chronic	Sustained higher temperatures and reduced precipitation	Reduced water availability for cattle feed, thus reducing herd size	US and Australia	Beef, dairy	●	●	●	●	●	●
Taxation <sup>2</sup>	Transition	Carbon tax on agricultural and freight (Scope 3) emissions	Higher compliance costs or increased insurance premiums	US	Beef, dairy, poultry, pork, produce	●	●	N/A	N/A	N/A	N/A

Potential unmitigated annual food cost increase<sup>1</sup>

● < 2.5%   ● 2.5-5.0%   ● 5.0-7.5%

- The cost impact columns indicate the potential unmitigated gross annual percentage increase in the cost of food products in scope for each risk scenario.
- Scenario analysis on taxation in 2022 considered the low-carbon (1.5°C and 2°C) transition scenarios and calculated the cost impact for a 2030 time horizon only.

① ② ③ ④ The four specific risks identified by the Group as the most relevant physical climate-related risks.

### Key assumptions

- it is assumed that the price elasticity of food products is 100%, i.e. when the yield decreases by 1, the price increases by 1
- it is assumed that the price elasticity of poultry and pork feed is 50%, i.e. when the price of feed increases by 1, the price of poultry and pork increases by 0.5

- the output of the analysis is an estimated cost increase assuming no volume changes from 2022 levels and no changes in business activities. The results refer to this scope only and, as such, cannot be extrapolated
- the analysis does not include the mitigation or adaptation measures that would be undertaken by the Group's businesses and their suppliers to offset the estimated cost increases

No potential financial impacts related to physical climate risks in 2030 of 2.5% or more of total spend on in-scope food categories before business levers were identified. The most significant potential impact is from chronic water stress in the US and Australia in 2050 under all three climate scenarios, with an estimated annual cost increase in the range of 2.5% to 5.0% of the total spend on in-scope food categories across the US, UK, Australia and France. Beef and dairy production is likely to be most impacted by climate change, with costs increasing in the long-term. This is consistent with our strategy to build competitive sourcing programmes in alternative food categories such as meatless proteins and dairy alternatives, and to nudge consumers towards diets that are more planet-friendly. Consequently, we are confident in our ability to mitigate the impact of this risk.

In 2022, the analysis identified the most significant potential impact to be from the transition risk of carbon taxes on animal protein in the US in 2030 under low-carbon climate Scenario A, with an estimated annual cost increase in a range of 5.0% to 7.5%. Whilst we concluded that the application of the business levers in our operational model would substantially reduce the financial impact, the analysis showed that carbon tax on our Scope 3 GHG emissions is a key risk to mitigate. It is, therefore, the focus of our current efforts, which are highlighted in the Metrics and targets section below.

### Future roadmap on scenario analysis

Despite our extensive scenario analysis, we recognise it is limited by the availability of data on the long-term impacts of climate change, and our disclosures will evolve as this improves. We will continue to work with experts to review the scope of our analysis and evolve our process.

### The resilience of the Group strategy

Compass Group's sustainability leadership, climate net zero roadmap and plant-forward strategy make us resilient and adaptable to the impacts of climate change, most notably evolving client and consumer demands and the projected climate impacts on animal protein production costs and availability.

The Group uses a wide range of processes that can be flexed to address changing market dynamics, supply disruption and other impacts of climate change. These include a combination of operational mitigation measures and strategic business model levers, outlined in the table on page 45 and 46. The main levers are flexible menu arrangements with clients, food waste management to optimise resource efficiency, and continued strategic diversification of suppliers and sourcing regions. Compass already widely deploys these levers as part of its normal business practices, and we are confident they will continue to provide a competitive advantage during any climate transition.

We are also evolving our approach to carbon. Most of the Group's GHG emissions are Scope 3 and therefore collaboration with our suppliers is essential if we are to meaningfully impact those levels. We are working with partners and moving to a volume-based data approach, to build a more granular understanding of food-related emissions. As well as helping suppliers reduce their carbon emissions, menu engineering and reducing food waste form the three key levers to our carbon reduction strategy.

We believe our business model will be resilient in all three climate change scenarios considered during the process.

## Risk management

### Processes for identifying and assessing climate-related risks

Climate change has been assessed as a principal risk by the Board since 2021 in recognition of the potential impacts it can have on our businesses in the medium and long-term. Climate change risks and opportunities are considered as part of our major risk assessment (MRA) process: a structured biannual bottom-up and top-down risk review completed by all countries, which is the cornerstone of our risk management framework.

The process for identifying climate-related risks and opportunities is consistent with last year and continues to involve both country leadership teams and central functions, including Finance, Risk Management, Legal and Sustainability. Risks are identified and assessed within each country and region, and the Group risks are assessed biannually by the Board.

In accordance with our risk management framework, we assess the materiality of key risks and opportunities, including climate-related risks and opportunities, and deem them to have a substantive financial or strategic impact if there is a one-off or recurring annual profit impact of more than 4% of our PBIT. On climate-related topics we involve internal and external experts to ensure we maintain an up-to-date view on specific risks and opportunities to consider as part of the annual process. More information about our risk management framework can be found on pages 23 and 24.

### Processes for managing climate-related risks

As noted on pages 24 to 28, the Group's principal risks (which include climate-related risks) are all considered as part of the Group's strategic planning process and viability statement assessment. In addition, we note on page 145 how climate risk has been considered in the basis of preparation of the Group's consolidated financial statements.

Climate risks and mitigations are monitored throughout the year by the Executive Committee, as part of the biannual MRA process, and separately by a cross-functional steering group. Regional CEOs are responsible for managing climate change risks and opportunities for their respective regions while responsibility at the country level sits with the country managing directors.

The development of action plans to manage the climate-related risks and maximise the opportunities, and the continual monitoring of progress against agreed KPIs, are integral parts of both business process and core activities throughout the Group. These KPIs consist mainly of the metrics described in the Metrics and targets section below, and are in line with our strategy and the conclusions of our scenario analysis.

## Metrics and targets

### Focus on food waste and GHG emissions in line with strategy and results of quantitative scenario analysis

In line with our commitment to the Paris Agreement and our sustainability strategy, which includes climate action, we have established climate-related metrics and targets for the short, medium and long-term, at both a Group and operating country-level. We have committed to:


- reaching climate net zero GHG emissions across our global operations and value chain by 2050. The climate net zero goal includes interim 2030 targets validated by the SBTi
- reducing absolute Scope 1 and Scope 2 GHG emissions by 46% by 2030 from a 2019 base year, in line with an ambition to limit future warming to 1.5°C above pre-industrial levels
- reducing our absolute Scope 3 GHG emissions from all purchased food and drink by 28% by 2030 from a 2019 base year, aligned with a trajectory to limit global warming to well below 2°C compared to pre-industrial levels

*Progress on these metrics is shared on page 36.*



We have also committed to achieving carbon neutrality worldwide in our operations globally by 2030 (Scopes 1 and 2). To achieve this, we will compensate and later neutralise remaining Scope 1 and 2 direct GHG emissions through high-quality carbon removal projects. As a critical step towards lower GHG emissions, we have also committed to reducing food waste, and in 2025 the annual bonus KPI for executive directors and senior management will measure year-on-year food waste reduction.

To support the business to meet these targets the Group launched a Sustainable Financing Framework in July 2022 to issue sustainable debt, a summary of which can be found on page 36.

 Further details can be found in the latest Sustainable Bond Allocation Report on the Group's website [www.compass-group.com/en/investors/debt-investors/sustainable-financing](http://www.compass-group.com/en/investors/debt-investors/sustainable-financing)

### Food waste

With a third of all food produced globally wasted every year, reducing food waste is a core strategic priority for the Group and our businesses. By sending less food waste to landfill, we are helping to mitigate climate change, relieving pressure on natural resources. This strategy continues to enhance purchasing and product management efficiencies throughout our businesses globally, supporting the mitigation of the physical and transition risks identified in our scenario analysis.

Improving tracking and accountability of kitchen waste worldwide remains our focus with the continued rollout of technology that increases our food waste measurement capability. We have deployed our food waste management systems in 9,947 sites across the regions, with data assurance provided by an independent third party. By ensuring our sites capture accurate, high-quality data we can continue to reduce food waste. This will also deliver reductions in the Group's Scope 3 GHG emissions and clients' carbon footprints. See page 38 for further details on our progress on food waste this year.

### Scope 1 and Scope 2 GHG emissions

We report our energy usage and Scope 1 and 2 GHG emissions annually (see page 36). In 2024, we monitored the energy usage and GHG emissions of our owned and operated sites across 26 countries (2023: 28) which represent 98% of the Group's underlying revenues (2023: 98%). This year, we have again calculated our Scope 2 GHG emissions using market-based methodology to recognise the purchasing of low-carbon energy. Our Scope 1 and 2 GHG emissions normalised by revenue are disclosed on page 36.

### Scope 3 GHG emissions

Of our emissions, 98% sit under Scope 3 and are related to the products we purchase. Although these emissions are not entirely within our control, we can influence change through menu choices, reducing food waste or by working with suppliers to contribute to reductions.

We have improved our methodology and we now measure emissions on a hybrid volume and spend basis, which is a more accurate reflection of our Scope 3 GHG emissions. A summary of our Scope 3 year-on-year performance can be found on page 36.

We can create a low-carbon supply chain that is fit for the future by our businesses collaborating and engaging directly with their supply chain partners. This has become a key focus area for all our supplier engagements globally. Procurement teams have continued to expand and formalise supplier engagements. In some countries, like the US, they have formal supplier collaboration sessions. In others, like India and France, our businesses share their plans and expectations at supplier days. Expectations are also reflected in the Supplier Code of Conduct, and increasingly in contractual agreements. For example, in the UK&I all suppliers are contractually mandated to establish science-based targets in all newly awarded contracts.

### Calculations of Scope 3 emissions going forward

In order to monitor our progress in reaching our 2030 science-based targets, we will continue to measure and disclose our relevant Scope 3 emissions annually. This year, we have aligned our emissions reporting to our financial year for ease of reference.

### Internal carbon pricing

We recognise the importance of having an effective internal carbon pricing system in place, to inform us of the effects of a possible increase in the price of carbon offsets going forward. We therefore continue to assess how to introduce an internal carbon pricing method as a priority whilst evolving our data reporting systems to capture data at a product level, which would be a critical enabler.

### Remuneration

To further strengthen our targets and commitments, the food waste measure within the 2024 annual bonus plan for executive directors and senior management focused on reducing food waste across our operations by targeting our sites to drive usage of industry-leading technology. This has been effective in focusing our leadership to encourage frequent usage of the technology at site level, allowing us to further reduce food waste, more accurately refine our menu and production planning, and enhance procurement efficiency. The annual bonus KPI for 2025 will measure year-on-year food waste reduction.

### Evolution of metrics and targets

We recognise the importance of measurement and follow-up to drive change. We continuously assess and evolve our metrics and targets, and have considered the seven metric categories in the TCFD recommendations. In addition to the metrics mentioned above, we continue to explore how to measure transition risks, physical risks, climate-related opportunities and capital deployment to the extent relevant.

### Conclusion

The findings of the scenario analysis support our sustainability strategy and reaffirm the mitigating actions we are already taking across the Group. We are confident in our ability to manage these risks whilst maximising the available opportunities. Consequently, we expect the net impact to be immaterial to the Group.

We remain committed to collaboration with partners in our ecosystem to decarbonise while continuing to work with external experts to broaden the scope of our efforts and further improve our TCFD disclosures year-on-year.

## Transition Roadmap

### Introduction

As a global leader in food services, we acknowledge the importance of transitioning our business model to promote social and environmental responsibility, aiming to empower individuals to make healthier choices for themselves and the planet. At Compass, we are committed to fulfilling our Planet Promise of a sustainable future for all, reflecting the Group's values as an ethical, sustainable, and inclusive business.

As we work towards our target of net zero emissions across our global operations and value chain by 2050, we have begun the development of our inaugural Group-level climate transition plan targeted for publication in 2025, aligned to our low-emissions scenario analysis, and informed by the Transition Plan Taskforce Disclosure Framework, the accompanying Food & Beverage Sector Guidance, and the pivotal activities and initiatives presented below.

The transition plan will shape our Group-level approach to decarbonisation, supporting our geographies in setting their own tailored strategies in line with their specific markets. It has been developed to achieve four core objectives:

### To respond to *climate change* risks and opportunities

Building on our climate scenario analysis conducted in 2023, we are actively embedding adaptation and mitigation strategies in our own operations and across our value chain as part of our implementation strategy and to better respond to the effects of climate change, through sourcing from sustainable suppliers and fostering sustainable practices, like reducing food waste and flexible menu planning.

### To *empower stakeholders* to decarbonise

We are committing to decarbonisation across our value chain by supporting clients and suppliers to achieve their sustainability goals with strategies such as reducing food waste and expanding the availability of low-carbon choices for consumers.

### To place individuals at the *heart of our transition*

We want to ensure our climate transition initiatives are fair and inclusive for impacted stakeholders, by collaborating with supply chains to tackle key ESG issues, training chefs to innovate and prepare plant-forward meals, and advocating for fair access to nutritious food.

### To *drive change* by responding to regulation

By leveraging the knowledge we have gained from responding to sustainability regulations, we can shape a consolidated strategy that enables us to actively meet external obligations.

### Our progress so far

Since we published our near-term decarbonisation targets in 2021, we have made consistent progress in reducing our emissions across Scopes 1, 2, and 3. Our Group-level transition plan is aimed at accelerating our decarbonisation journey, by providing structure to our actions, accountability through our governance structures, and proactive strategising through our financial planning. Please see page 36 for more detail on our emissions reductions.

Improving our data quality and transparency, particularly regarding our Scope 3 emissions, continues to be one of our top sustainability priorities. We recognise that enhanced data accuracy and transparency are pivotal in our journey towards sustainable operations. Therefore, we continue to invest in cutting-edge technology and foster strategic partnerships to ensure that our data is not only more accurate and representative, but also serves as a catalyst for informed decision-making and impactful sustainability initiatives. This commitment will empower us to effectively track, manage, and reduce our environmental footprint, while fostering trust and credibility with our stakeholders. We have also continued work on monitoring and updating our science-based targets, including new SBTi FLAG and non-FLAG targets, which will be published in our full transition plan.

### Strategy

Following our qualitative and quantitative climate scenario analyses, we have developed our strategy to directly address our identified risks and opportunities, mapping our activities to a 1.5°C scenario. Our transition is built on three key strategic levers which in turn guide our sustainability priorities, transition activities, and strategic ambition. Our levers are aligned to historical data from work completed in collaboration with Planet FWD in 2022, which identified our material decarbonisation areas. This has allowed us to clearly link our current and future transition activities to the areas with the most potential for emissions reductions. We are planning on assessing the time-horizons of these actions in the future, ensuring they are all still aligned to a 1.5°C scenario.

Strategic lever	Activities	Metrics we are using to track progress*	Progress to date
<p><b>Supply Chain</b></p> <p><b>Our strategic ambition:</b></p> <p>To build business resilience and drive emission reductions by working with suppliers on their journey to decarbonise; diversifying the supplier base, respecting human rights, and promoting ethical trade.</p>	<p>1.1 Segment the supply chain to prioritise engagement efforts to improve traceability of product level data and to identify the highest climate risk categories.</p> <p>1.2 Establish minimum sourcing standards and set supplier expectations through policies aligned with Compass Group’s carbon reduction plan.</p> <p>1.3 Embed expectations into the procurement process by providing training to internal procurement teams to better equip them to manage supply chain risks, as well as including contractual language regarding Compass Group’s requirement in RFPs.</p> <p>1.4 Enable change through training and engagement with suppliers to help them meet Compass Group’s minimum standards, and collaborating with them on carbon reduction roadmaps with the aim of standardising data collection methods and improving data quality.</p> <p>1.5 Collaborate with organisations externally and form partnerships to leverage Compass Group’s influence to advocate for transparency and raise industry standards including by encouraging more regenerative agricultural processes.</p>	<ul style="list-style-type: none"> <li>– % of sourced volume of high-climate-risk commodity covered by third-party certification (including % of sourced volume of net zero deforestation commodities)</li> </ul>	<p><b>Global:</b> launched a deforestation policy which includes a commitment to be deforestation-free in our North America and UK operations by the end of 2025. In combination with EUDR this covers 90% of the Group’s procurement spend.</p> <p><b>USA:</b> held two Future Forward meetings to look at how Scope 3 emissions can be reduced. 25 of their largest supply partners, representing \$3 billion of spend, attended and presented updates on strategies to reduce the GHG emissions of food as it moves from the farm to packaging and distribution.</p> <p><b>UK&amp;I:</b> mandated that all new contracts require suppliers to set Science-Based Targets (SBTs) within 12 months of a contractual start date.</p>
<p><b>Operations</b></p> <p><b>Our strategic ambition:</b></p> <p>To collaborate with clients to drive carbon reductions by reformulating menus, and reducing and repurposing waste.</p>	<p>2.1 Deploy green technologies, e.g., food waste technology or using renewable electricity to improve resource efficiency.</p> <p>2.2 Add food waste KPI to executive and senior management annual bonus plan to drive action on food waste via enhanced executive responsibility.</p> <p>2.3 Donate via food reclamation partnerships to minimise waste and reduce food poverty.</p> <p>2.4 Implement solutions to transition from single-use/ fossil-fuel plastics in an effort to further decarbonise products and services.</p> <p>2.5 Reformulate menus to lower the carbon footprint associated with products and services through substituting ingredients for low-carbon alternatives and using locally sourced products to reduce food miles.</p>	<ul style="list-style-type: none"> <li>– number of sites using food waste technology</li> <li>– number of community meals donated</li> <li>– emissions reduction in menus that have had ingredients swapped</li> </ul>	<p><b>Austria:</b> cooking waste is collected by a biodiesel manufacturer to transform it into biodiesel.</p> <p><b>UK&amp;I:</b> re-engineers suitable recipes in its menus, for example, the associated emissions of lamb keema can be reduced by combining minced lamb with green lentils.</p>

Strategic lever	Activities	Metrics we are using to track progress*	Progress to date
<p><b>Clients and consumers</b></p> <p><b>Our strategic ambition:</b> To help clients to work towards the economy-wide transition by providing consumers with healthy and sustainable food choices and maximising the efficient use of green energy.</p>	<p>3.1 Encourage clients to maximise energy efficiency and use renewable electricity to help them achieve decarbonisation of their on-site kitchens.</p> <p>3.2 Implement dedicated chef training and client and consumer education programmes to support the development and consumption of sustainable and healthy menus and raise awareness on how to reduce food waste.</p> <p>3.3 Engage with industry forums and communities to develop nutritional standards and behavioural change toolkits to drive sustainable and healthy diets.</p> <p>3.4 Enable consumers to make sustainable and healthy choices through deploying behavioural change strategies such as choice architecture and providing consumers with more sustainability-related information.</p>	<p>– number of colleagues who have completed net zero training across Compass Group's operations</p>	<p><b>Group:</b> engage with clients and consumers through Compass Group's Stop Food Waste Day, with participation across all of Compass Group's operating markets.</p> <p><b>Group:</b> our work with the World Business Council for Sustainable Development (WBCSD) has resulted in a toolkit containing key solutions that make it easy for consumers to choose healthy, plant-forward options.</p> <p><b>US:</b> supported a major technology client in transitioning to fully electric kitchens, including working with equipment manufacturers to reach capacity requirements.</p>

\* Here we have presented our initial metrics and targets for our strategic levers, but we continue to consider appropriate metrics to phase in over time. The metrics presented above are not associated with every activity in the strategic levers; however we are aiming to develop metrics to track progress on all of our actions.

## Governance

Embedding mature and robust governance across our wider corporate strategy is key to providing accountability, reviewing, and refining strategy, and reporting on our climate transition. We detail our Governance structures in our TCFD Report on page 42 and are continuing work on embedding our transition plan within our organisational arrangements.

Oversight of our transition plan sits with the Corporate Responsibility Committee, supported by the Global Director of Sustainability and the wider sustainability teams.

A new ESG KPI was included in the 2023 annual bonus plan for executive directors and senior management, based on an annual increase in the number of sites using industry leading food waste measurement technology. In 2024, we adapted this KPI to evolve from a technology deployment target to measuring frequency of usage rates. For 2025, the bonus plan will include a food waste reduction target.

## Financial planning

Financial planning serves as a tool to provide us with fully-costed actions, allowing Compass to better plan future changes to the business, and show stakeholders how our transition plan will be achieved. The Sustainable Financing Framework discussed earlier is a key tool in driving our transition. We are currently working on mapping these eligible projects to our strategic levers to align financial planning with our transition plan, and research will be developed to quantify different elements of our plan.

## Assumptions

Our strategic levers and activities were informed through consultations with key stakeholders (Finance, Sustainability, Procurement, and Data and Technology), our climate scenario analysis and its related assumptions, and the latest guidance from the Transition Plan Taskforce.

Nevertheless, the success of our transition relies on several factors outside our direct control. 98% of the Group's GHG emissions are Scope 3 (originating in the supply chain), and although our strategy outlines how we plan to engage with suppliers, there are elements beyond our immediate stakeholders' control that will impact our ability to drive change: e.g., a national agriculture or nature policy such as the EU Deforestation Regulation. Therefore, transitioning our supply chain requires effort across the industry, which we continue to support – for example through our work with the WBCSD and the World Resources Institute.

With regard to healthy and sustainable diets, we leverage behavioural change strategies and continue to engage with industry forums and government to explore nutritional standards, but we rely on our consumers to choose sustainably sourced, plant-forward dishes from our range of diverse and unique menu offerings.

## Next steps and reporting

This report provides a comprehensive overview of our strategic roadmap for transitioning to a low-carbon economy, laying the groundwork for our inaugural Group-level transition plan. This will include a decarbonisation roadmap to illustrate how we plan to reach the near-term and 2050 targets in greater detail. We track and measure our progress as we navigate our sustainability journey, with the intention for our transition plan to be iterative, dynamic, and continuously evolving.