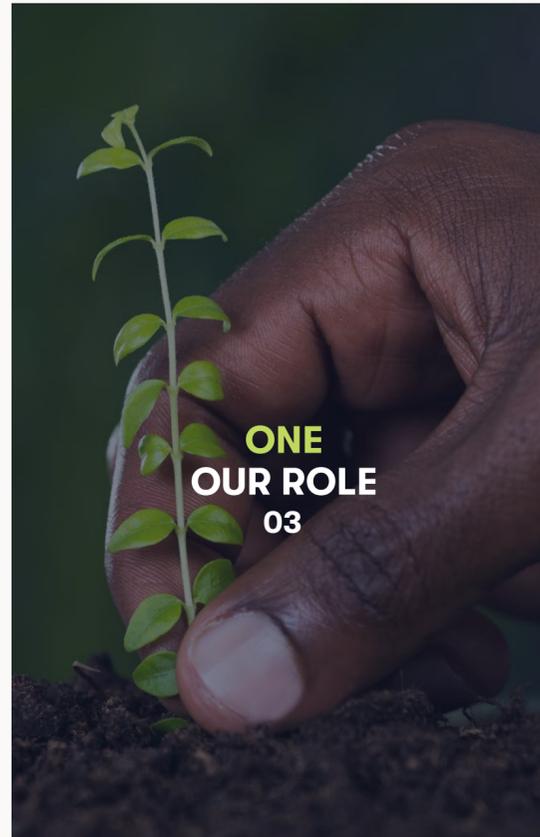
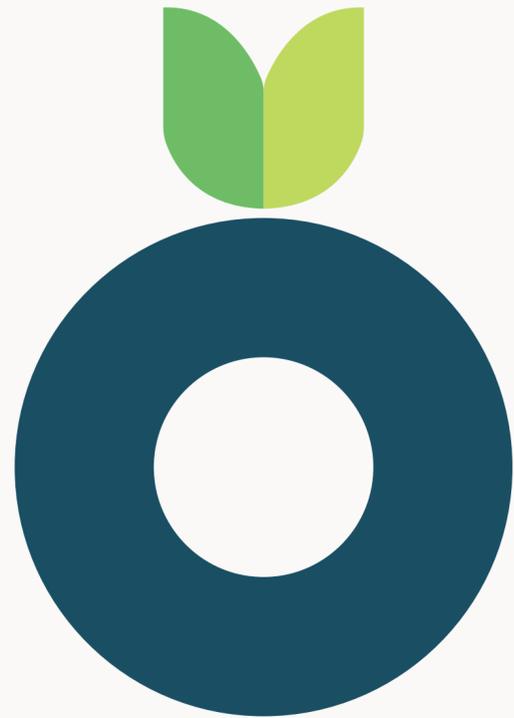




2021 – 2022

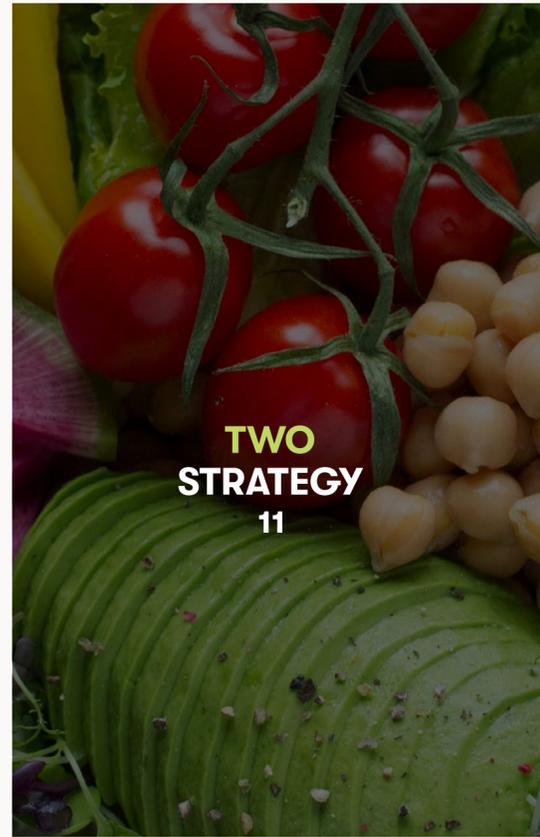
CLIMATE IMPACT REPORT

What's inside?



ONE OUR ROLE 03

A critical decade (Foreword: Robin Mills)	04
Objectives of this report	05
Impact at scale	06
Action on all fronts (Message of support: Sir Charles Godfray)	07
Impact to date	08
Timeline	09



TWO STRATEGY 11

Where we started	12
What we've done	13
Our Roadmap	14
Six focus areas	15
Clear prioritisation	16
16 key partners	17
Compensation & Neutralisation	18



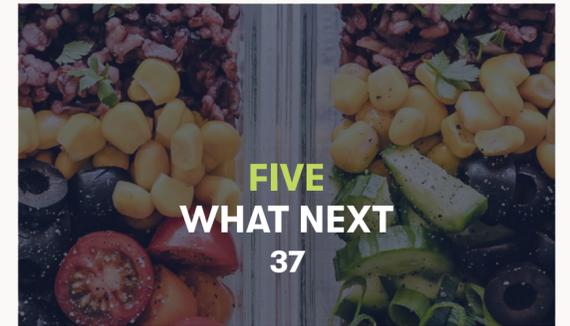
THREE PROGRESS 19

Carbon	20
Biodiversity	24
Waste	27



FOUR CHALLENGES 30

Deforestation	31
Plastics & Packaging	33
Water Stewardship	35



FIVE WHAT NEXT 37

The need to rebaseline	38
Sharp focus in 2023	39
Difficulty must never become a deterrent	40
Growing our team	41
The need for pace	42



SIX APPENDICES 42

Methodology	43
Endnotes	46



OUR ROLE





A critical decade

Compass UK&I is a family of different businesses. Over the past few years we have all had to dig deep.

Faced by unprecedented challenges, we have never been more aware of the wellbeing of the people we serve, from infancy through to old age.

To be healthy, happy and productive, we need a stable climate and a rich diversity of life. Yet we're on a path that will take us to a 3-4 °C world in just three generations.

The "not too hot, not too cold" Goldilocks Zone that civilisation has thrived in for thousands of years is shifting and, for each 1 °C rise, millions of people will be forced to live in uninhabitable conditions¹.

This human emergency is why we launched our Climate Promise last year, committing to reach Climate Net Zero by 2030.

We are now 18 months on.

The motivation, creativity and persistence across our communities and clients is growing and the results we have already seen are a credit to so many people within our organisation and across the global industry.

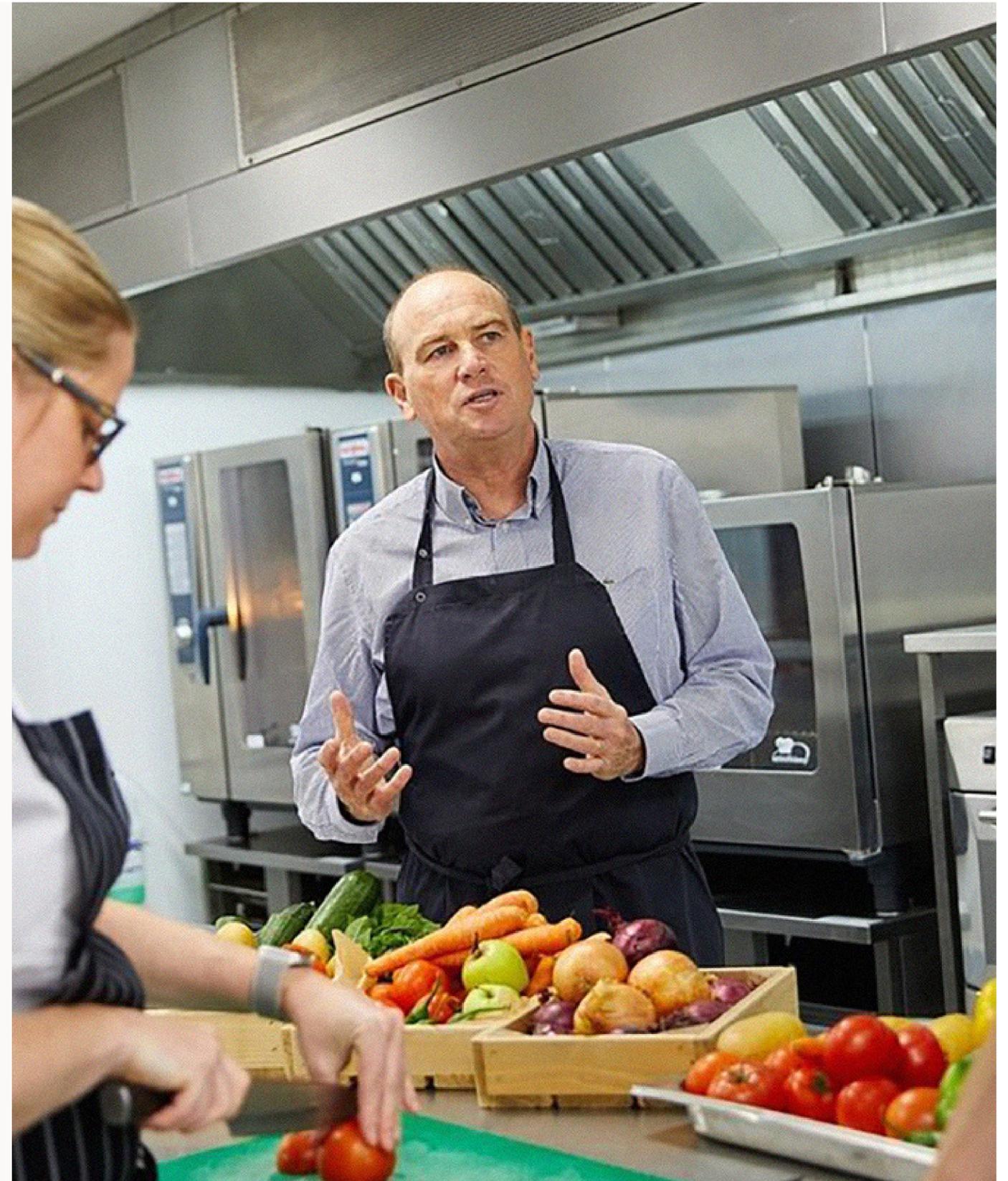
But we must move faster.

Food unites us all and we have an extraordinary opportunity to come together and reduce the impact of our diets at scale.

I could not be more proud of the foundation and determination to drive lasting change that's laid down in these pages.

There is still so much more work we can do and I remain committed to what we will, and we must, achieve together.

Robin Mills
Managing Director, Compass UK&I





Objectives of this report

1. Increase our accountability

As the latest IPCC report has underlined², human influence is heating the atmosphere, ocean and land at an unprecedented rate.

The impact of that heating is becoming increasingly severe, and it is clear that addressing today's interconnected emergencies of climate, nature, global health and social inequality demands an urgent rewiring of our global food system.

As the largest food services caterer in the world, our responsibility to reduce our emissions also presents a significant opportunity to influence wider societal decarbonisation – through the suppliers and clients we partner with, in the recipes we create, and in every meal we serve.

We are all accountable.



2. Recommit to action

In May 2021 we committed to translating our understanding into action, publicly announcing 2030 as our target year to reach Climate Net Zero. This goal remains industry-leading in its ambition and scope and we remain committed to delivering it.



3. Report our progress

This document, Compass UK&I's first Climate Impact Report, provides a window into the work we've undertaken over the last 18 months. Within these 48 pages, we share the progress made in these early stages of mobilising the business in its transition towards Climate Net Zero, and in increasing business-wide understanding of what that really means.

4. Assess our impact

You will find information about our strategic approach to climate action, and the six focus areas within which we are organising our activities. When it comes to assessing our climate impact, we believe that the evidence should speak for itself – which is why we've anchored each page in concrete actions and data, eliminating ambiguity by consciously removing jargon and superlatives.

5. Call out our challenges

Collecting and analysing quality data has been – and continues to be – one of our greatest challenges. These first 18 months of targeted climate action have highlighted the critical need for developing data management systems capable of strengthening and safeguarding the robustness of future impact reporting. Full methodology of calculations used for this report can be found in the Appendices.



6. Lean in

Deep decarbonisation in a business of Compass UK&I's size and operational complexity is the hardest transition the organisation will ever encounter. We know it requires concentrated, business-wide effort, spanning restaurant and dining expertise, guest services, facilities management, cleaning services and vending solutions.

We know we have a Herculean task ahead.

7. Say thank you

We are proud of our teams. Not only the work they've done, but for the enthusiasm with which they've started to embrace this work. The evidence in these pages is a credit to their efforts.

Nothing would be possible without the support we've received from them and from our clients, consultants, academics, colleagues and suppliers across England, Scotland, Wales and Ireland. Thank you all.



Impact at scale

180.9m meals per year

With roots tracing back to 1940s wartime British factories, Compass Group has grown into the largest and most innovative caterer in the world.

The facts shared on these pages demonstrate the impact Compass UK&I can achieve at scale; not just as a business but through the daily interactions we have with every sector of society.

45,000
strong team

4,000+
locations

5,000+
suppliers across
70 categories

£750m
food spend per annum

BUSINESS & INDUSTRY

HEALTHCARE

DEFENCE & GOVERNMENT

SPORT, LEISURE & VENUES

HOSPITALITY

EDUCATION

Eurest

medirest WHITE OAKS

ESS

Levy

RESTAURANT ASSOCIATES

Chartwells

781
sites

23
acute hospitals trusts

250+
defence establishments

40
elite sports stadia

118
clients

29
universities and colleges

68
contracts

9
private care groups

47
energy facilities in the
North Sea - 15 client
offices onshore

35
prestigious venues

28
cultural and heritage venues

79
independent schools

4.7m
meals per year

16.5m
meals per year

108
government sites
across police, secure environments
and central government

36m
meals per year

18.5m
meals per year

1,800
state schools

Ireland **130** sites **7.8m** meals per year

14.2m meals per year

83.2m meals per year

Action on all fronts

The world's food systems are facing unprecedented challenges. Global demand for food is increasing as the world's population grows, and people are becoming wealthier – drawn to diets that take more resources to produce.

In addition to these social shifts, farming and food production is increasingly being affected by a changing climate as well as by geopolitical shocks such as Russia's terrible aggression in Ukraine. And the food system itself, directly and indirectly, is responsible for around a third of greenhouse gas emissions globally³.

The takeaway is clear: we shall never achieve Climate Net Zero without radical changes in the way we produce and consume food.

On the one hand, these challenges seem overwhelming – how can we possibly craft a new food system that provides healthy, sustainable food for all, when national and international food systems are so complex and so intertwined?

But on the other hand, the challenges are straightforward and simple. We need action on all fronts: we must produce more food more sustainably; we must change our diets so they do less harm to us and the planet; we must bear down on food waste in all its forms; and we need to think about better food system governance. No single approach will be sufficient.

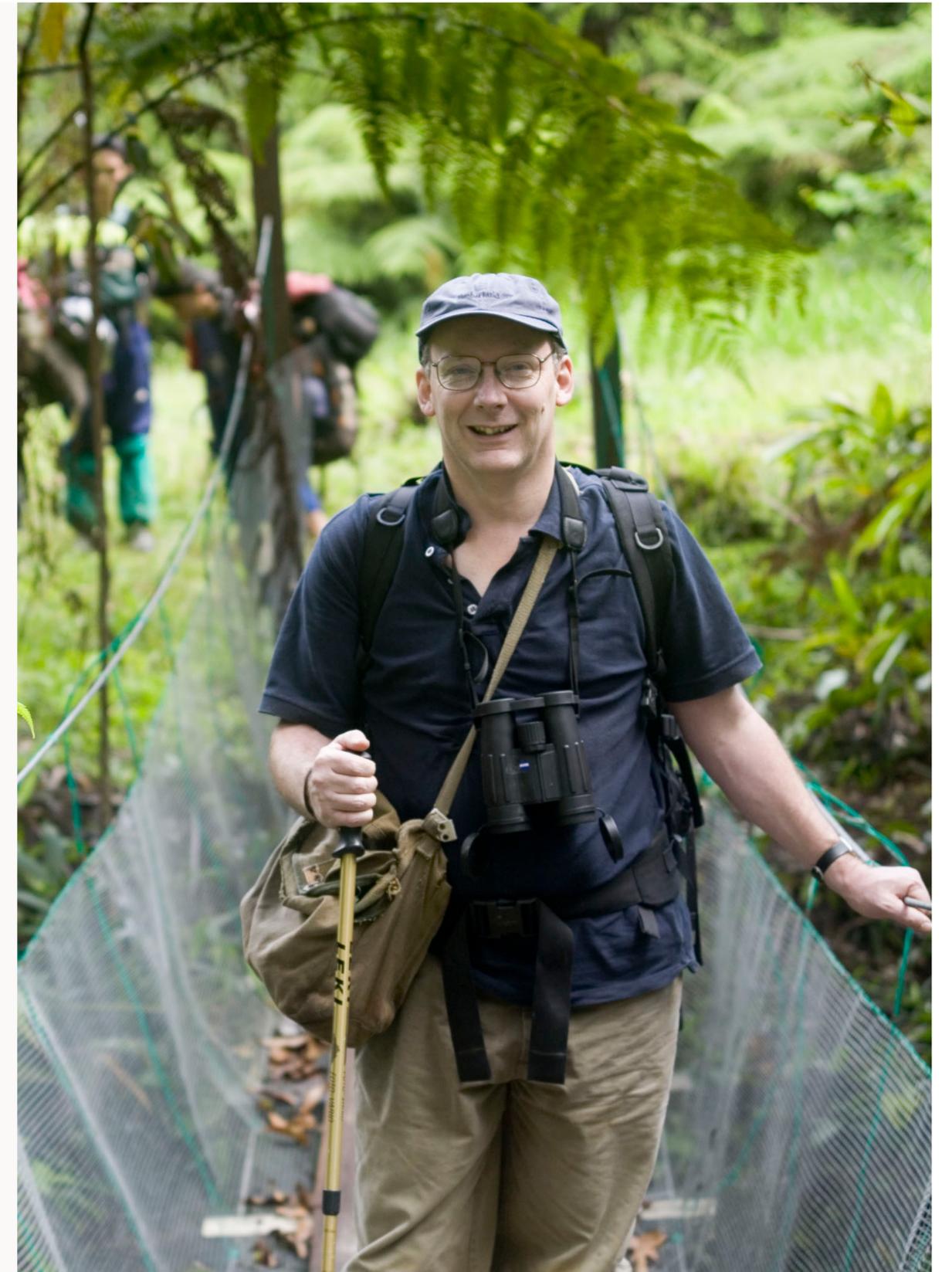
Creating a better food system absolutely requires buy-in and action from the private sector, ideally supported by an enabling regulatory framework. In the 12 months I've been working with Compass UK&I, I have been hugely impressed by the passion with which the company is trying to make a difference. This includes everything from setting stretching targets to reduce emissions to the chefs developing new recipes that are both healthy and environmentally friendly (and, of course, very tasty).

These are early days in making our food system more sustainable. We are all on a journey where the destination is clear but the route uncertain. We will make mistakes along the way, but this is inevitable and part of the do-learn-do process. What I am certain of is that Compass UK&I can make a real difference, and show that substantive change is both possible and achievable in the food service sector and beyond. These are exciting times.

Charles Godfray

Sir Charles Godfray

Chief Climate and Sustainability Advisor, Compass UK&I





Impact to date

Across the Compass UK&I business, FY22 has been a year of climate mobilisation and steep learning for every sector, in support of every client.

We have combed through the rule books and, in this report, sought to share the closeness with which we've followed them.

Our methodology is published on pages 44-46.

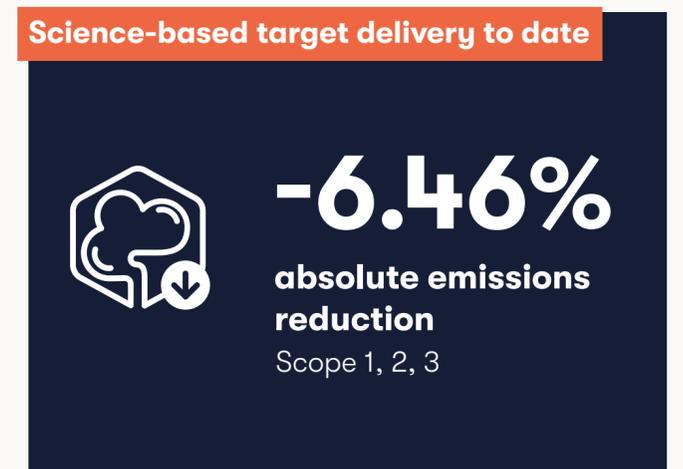
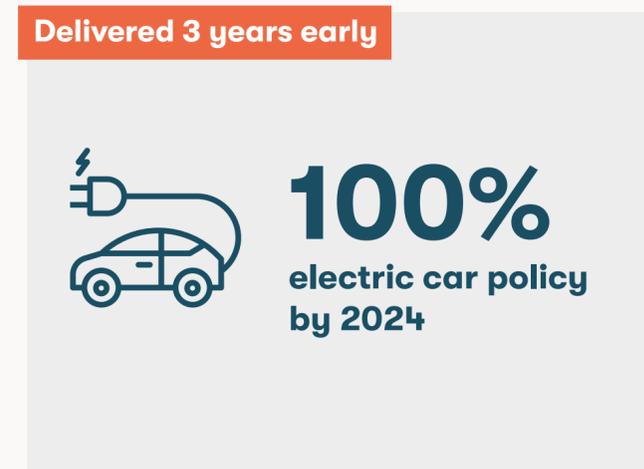
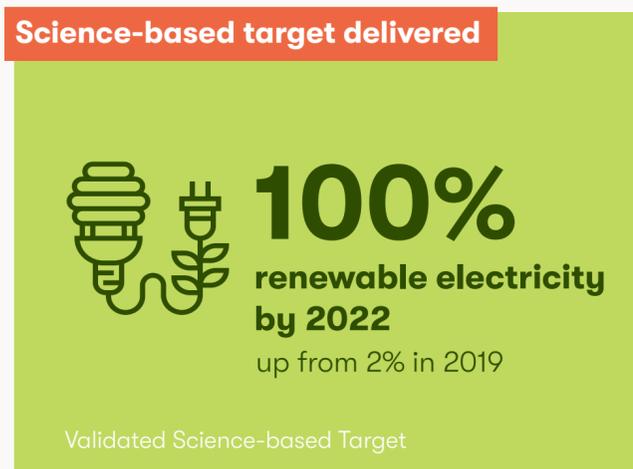
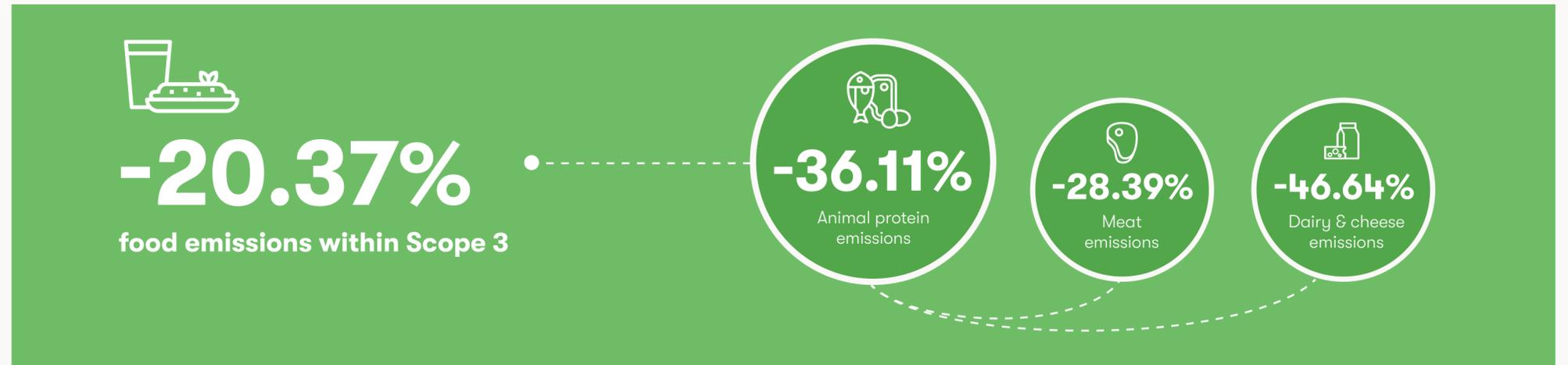
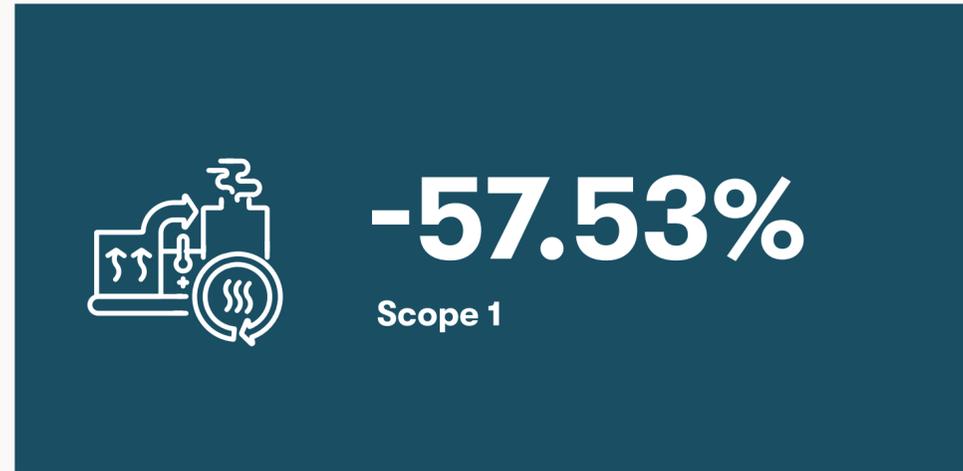
The transparency of this approach has surfaced progress and challenges, both of which we share.

Key emission reductions between FY19 and FY22 and target successes are highlighted here.

For further details please see pages 12, 16 and 38, where we have included our FY19 and FY22 footprints broken down by key categories, with supporting commentary.

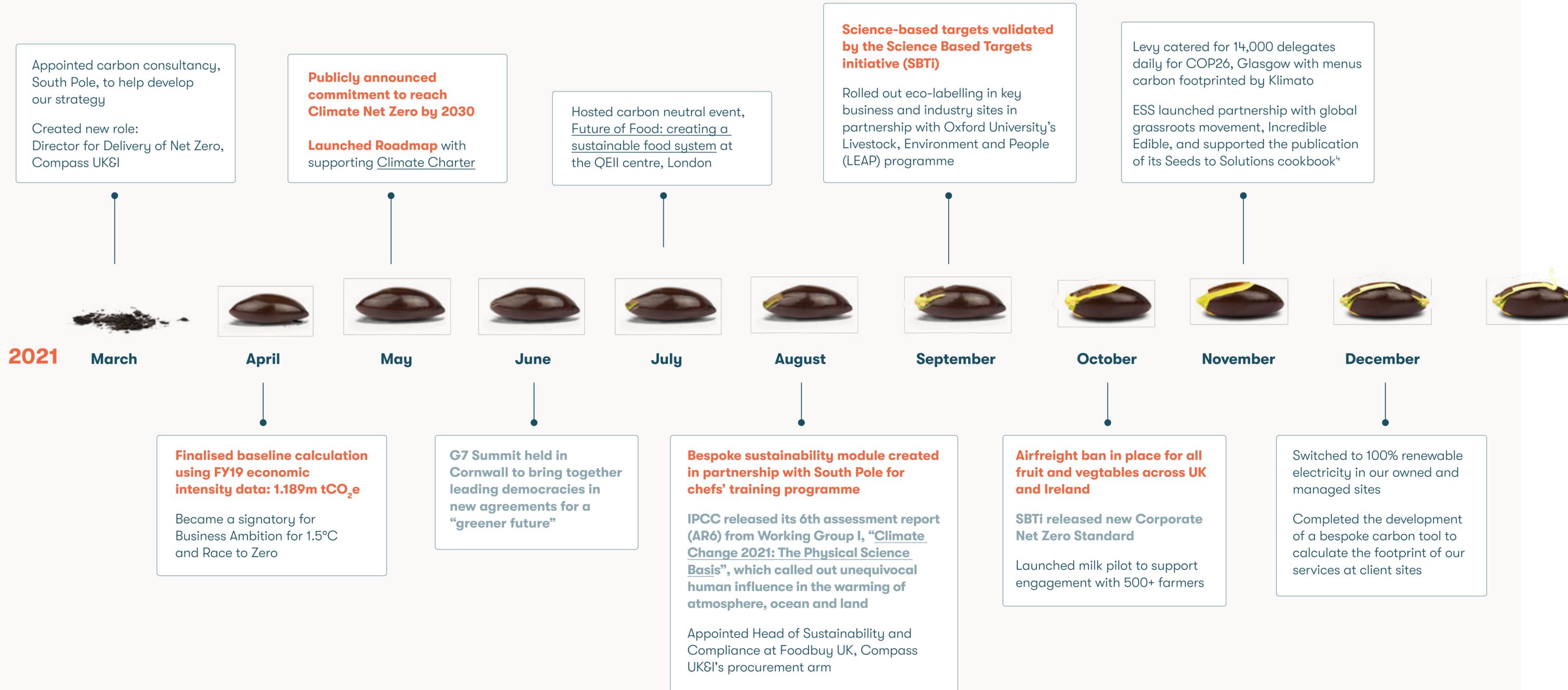
Our wider sustainability work is also evidenced throughout the report, via our six focus areas.

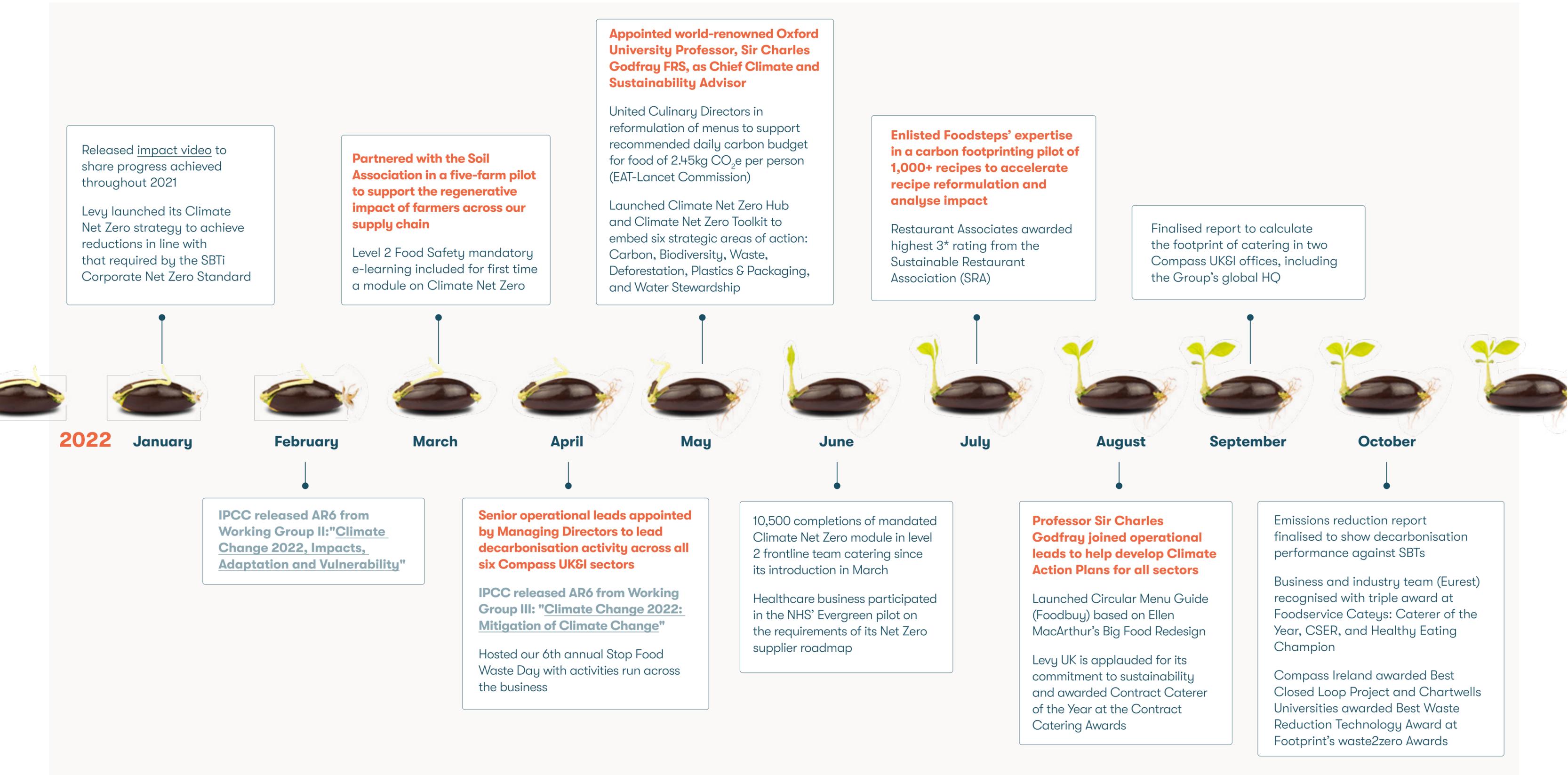
We've created a timeline (pages 9-10) and updated our Roadmap (page 14) to share further headlines, insights and progress against targets made.





Timeline







STRATEGY





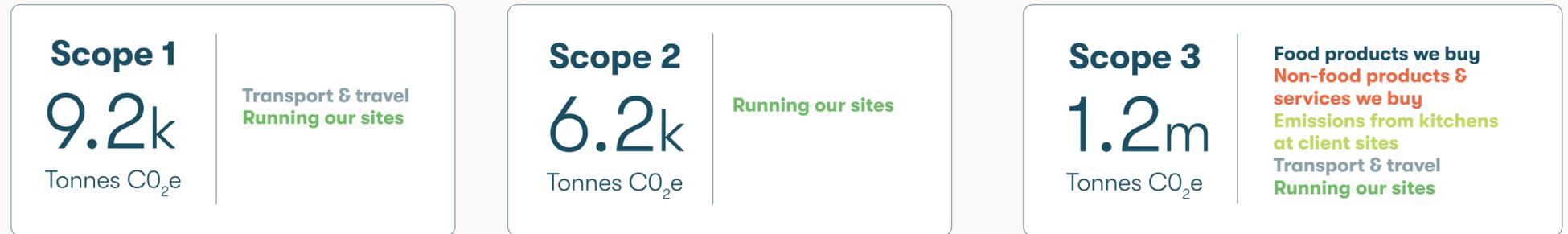
Where we started

In 2021, we completed our calculation of our 2019 greenhouse gas (GHG) inventory.

Establishing this baseline was the start to our climate journey, helping us understand the relationship between the activities we deliver across our operations and value chain, and the GHG emissions generated as a result.

Our baseline reaffirmed carbon hotspots in need of targeting, in pursuit of deep decarbonisation by 2030.

FY19 baseline measurement: For further FY19 and FY22 data please see [The needs to rebaseline, page 38](#)



How did we calculate our GHG baseline?

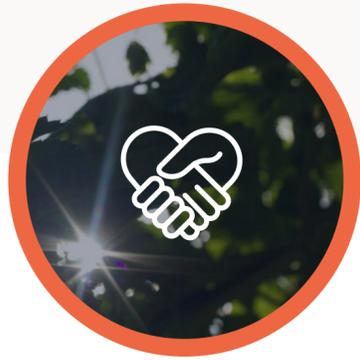
As the old adage goes and the Carbon Disclosure Project (CDP) notes¹, you can't manage what you don't measure. To understand our GHG footprint, we measured activities and the emissions attributable to them, across:

- **Scope 1:** direct emissions from owned or controlled sources
- **Scope 2:** indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by our businesses
- **Scope 3:** all other indirect emissions that occur in Compass UK&I's value chain, including purchased goods and services

For information on our baseline calculation methodology, including inclusions and exclusions, head to [Appendices](#)



What we've done



Our commitment

May 2021 We made the necessarily ambitious commitment to reach Climate Net Zero across both our business operations and our value chain by 2030. This was accompanied by the launch of a Roadmap that outlines key steps required along this journey, and recognises the need to:

- Transform our business models in both the public and private sector
- Support systemic change across the industry; critical for a sustainable food system



Our targets

September 2021 The Science Based Targets initiative (SBTi) validated our emissions reduction targets to reduce absolute Scope 1, 2 and 3 GHG emissions by 69% by 2030 from a 2019 baseline year (inclusive of growth).

Science Based Targets initiative

The SBTi is a global body prioritising drastic, absolute emissions reductions to limit global temperature rises to 1.5°C. It helps businesses set targets to reduce their emissions in line with climate science.



Our impact

November 2022 In this report, we've shared our emissions reduction performance to date against our SBTs, together with progress made across our six focus areas. These focus areas were selected for their wide-ranging environmental impact and to ensure our approach is not restricted to carbon impacts alone.



Our next steps

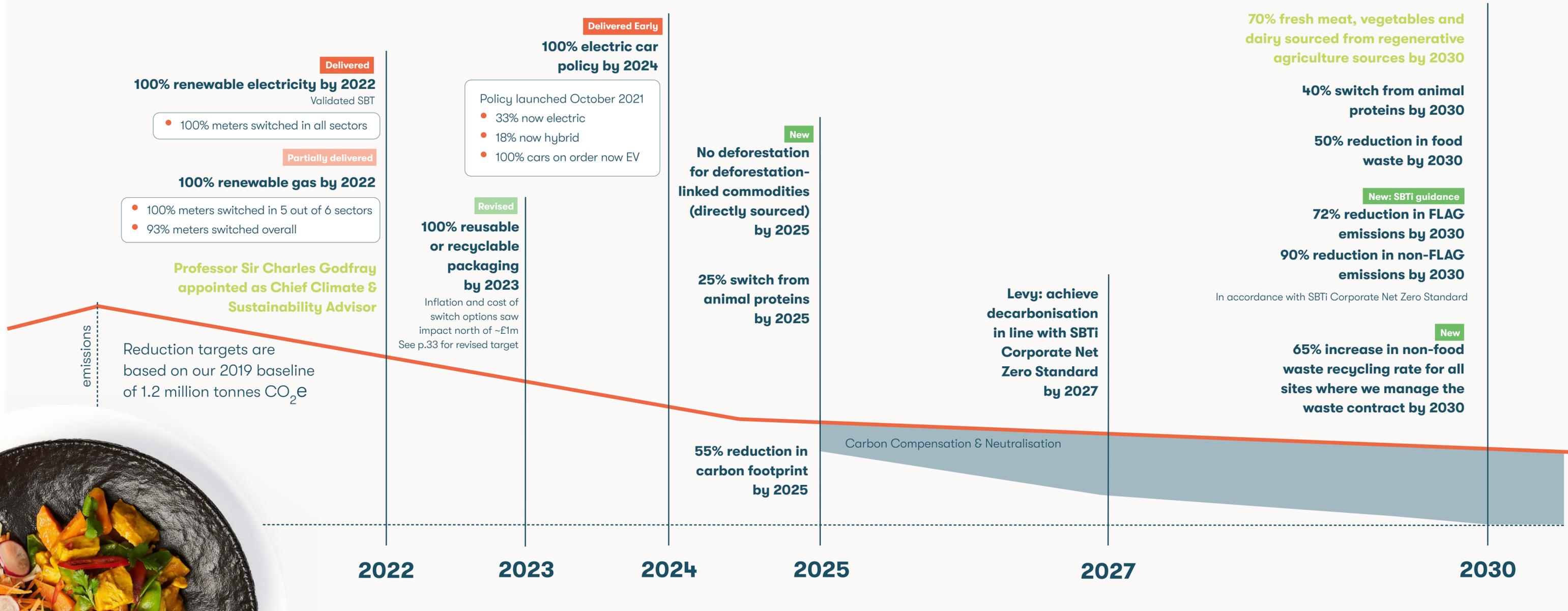
2023 Next year we will revalidate our SBTs following:

- The release of the SBTi's new Corporate Net Zero Standard in October 2021, which provides recommendations and guidance for Climate Net Zero target setting
- The release of FLAG (Forest, Land and Agriculture) sector guidance in September 2022, setting out the specific reductions required by FLAG sector companies to meet Climate Net Zero targets
- Recent Compass UK&I acquisitions which call for us to reassert our baseline. This is a requirement if the baseline is expected to shift by +/- 5%²



Our Roadmap

First launched in May 2021, this Roadmap is reshared here to show milestones met, target progress, and wider sustainability commitments in support of a just transition to Climate Net Zero by 2030.





Six focus areas

We recognise that environmental issues are complex and deeply interconnected, and that a **just transition to Climate Net Zero will not be possible by focusing on carbon impact alone.**

As such, **our Climate Net Zero efforts are organised across six distinct but interrelated focus areas**, each delivering progress towards our 2030 commitment via three clear core objectives.

As you will see in the following pages, in FY22 we concentrated our efforts on the three areas that represented the biggest opportunity for immediate action and maximum material impact: Carbon, Biodiversity and Waste.

In Plastics & Packaging, Deforestation and Water Stewardship we have encountered significant challenges, and we have shared details on these too.



Carbon

- Improve data accuracy to help meaningfully reduce our carbon footprint across our operations and value chain
- Enable recipe-level carbon footprinting to strategically analyse and reduce the embodied carbon on every plate
- Raise awareness across our 45,000-strong workforce on the impact of our diets as a community



Biodiversity

- Support suppliers' transition to nature-based solutions; aimed at bringing back biodiversity and reducing harm
- Contribute to work developing measurement capability for farmers' impact on biodiversity (net gain and loss)
- Working with all sectors on the importance of introducing ever-stronger sourcing mandates using guidance from the Marine Conservation Society and Sustainable Seafood Coalition



Waste

- Commit to designing out avoidable food and non-food waste through an increased focus on circularity across our business
- Update our systems to give our teams greater granularity of measurement for targeted and impactful reduction
- Ensure non-food waste is targeted across the business with a clear commitment made to reduce it



Deforestation

- Raising awareness on the impact of agricultural expansion from Board level to frontline
- Prioritise our focus on the top agricultural and forest-risk commodities: beef, leather, cocoa, palm oil, maize, paper, rubber, soy, timber
- Commit to no deforestation for deforestation-linked commodities (directly sourced) by 2025 in line with latest SBTi guidance released September 2022



Plastics & Packaging

- Increase business-wide knowledge on the class of materials being used (e.g. plastics) to accurately advise our operators and our clients and avoid inaccurate, blanket assumptions
- Provide sustainable, commercially viable alternatives to single-use plastics and packaging for all sectors
- Continue to report on our progress and our challenges in transitioning from a linear to circular packaging approach



Water Stewardship

- Determine our water footprint and identify opportunities to reduce our impact
- Develop an integrated water stewardship strategy for the sustainable management of our water usage
- Following the above, we will set a clear target in 2023



Clear prioritisation

We are still at the beginning of a steep maturity curve. The enormity of decarbonising a complex business like ours makes clear prioritisation of efforts and data quality increasingly critical.

As our early measurements illustrate, Compass UK&I's carbon hotspots are concentrated within a few specific product categories. Prioritising the emissions reduction of these hotspots is therefore a strategic way to efficiently and effectively reduce our overall footprint.

This page provides insight into how our FY22 emissions are broken down by category with some key call outs, included to provide **examples of where we're starting to focus our efforts.**

Further insight into our non-food emissions data is needed to understand the variance reported in FY22. This will form part of our rebaselining in 2023. Please see page 38 for more detail.

The +30.43% differential in the carbon intensity for food vs non-food (on average) is reflected in our calculations.
Head to the [Appendices](#) for further information.



Fruit & Vegetables
Apples, carrots, onions, oranges, potatoes

Supporting farmers in the adoption of regenerative agriculture practices such as incorporating cover crops (like legumes) into the crop rotation to increase soil health and reduce fertiliser use



Beverages
Alcoholic, non-alcoholic, hot beverages

Minimising and eliminating single-use packaging



Confectionary & Snacks
Packaged convenience and comfort food

Running pilots with clients to measure the footprint of complex ingredients to guide product selection



Dairy
Butter, milk, cream, cheese

For hot drinks, promoting non-dairy milk alternatives (e.g. soy, oat)



Animal proteins
Pork, Poultry, Beef

Increasing use of deforestation-free animal feed, and reformulating recipes to substitute meat with beans or pulses

Total 1.112m tonnes CO₂e



16 key partners

Our ability to meaningfully reduce our footprint, innovate new solutions and credibly measure our progress over the next seven years will continue to be determined by the strength and substance of our partnerships.

The 16 highlighted here are not an exhaustive listing but flag the support we've received across the key actions and focus areas included within this report.

The support of these partners, through the provision of practical guidance, standard-setting and operational solutions, continues to help us increase the pace and scale of our work in pursuit of real progress.

We sincerely thank them all.





Compensation & Neutralisation

Even after deeply decarbonising our business, we will continue to produce unavoidable emissions in 2030 and beyond.

To take responsibility for these emissions and to maintain our Climate Net Zero position, we will neutralise these residual emissions by building a portfolio of high-quality, certified carbon credits. This is in line with the requirements of the Science Based Targets initiative's Corporate Net Zero Standard.

In 2023 we will develop our Neutralisation Action Plan.

This Plan will include:

- defining key carbon credit concepts and definitions
- agreeing principles and standards
- exploring carbon removal projects

Next steps

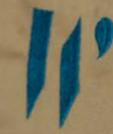
Select and prioritise which carbon projects we will support, by focusing on the below key factors:

- Type: considering business-relevant projects, e.g. that restore and reforest habitats, build soil carbon, and technologies that capture and store carbon
- Additionality and permanence: supporting projects that deliver carbon removals in response to mitigation efforts, rather than projects where these removals would have occurred otherwise
- Location: where possible, sourcing projects that connect to the countries and landscapes which produce the foods we buy
- Investment model: diversify our investment approaches, exploring multi-year agreements, and opportunities to co-invest in large-scale projects





PROGRESS


WOMEN
IN FOOD

Gemma



- **Climate Net Zero by 2030**
- **72% reduction in FLAG emissions by 2030**
- **90% reduction in all non-FLAG emissions by 2030**

Carbon

Climate change and food are deeply interconnected. Food systems – including agriculture-associated land use change; and the growing, producing, processing, transporting, distributing, preparing, consuming and disposing of food – are major contributors to greenhouse gases (GHGs) globally, accounting for more than 1/3 of total emissions worldwide¹.

What we're doing

- Improving data accuracy to help meaningfully reduce our carbon footprint across our operations and value chain
- Enabling recipe-level carbon footprinting to strategically analyse and reduce the embodied carbon on every plate
- Raising awareness across our 45,000-strong workforce on the impact of our diets as a community

Working with clients

The emissions generated through the services we deliver to our clients form part of their Scope 3 footprint. Increasing understanding across our operational teams that the more we reduce our emissions, the more our clients do too, has been a key focus this year.

By identifying carbon hotspots in our operations and supply chains, we continue to highlight areas of reduction for both parties. Decarbonising the recipes we develop and the food we purchase to create them have been our top two starting points for strategic, targeted emissions reduction.





Carbon Key actions



6 specialist
partnerships enlisted

Enlisted specialist expertise to guide our climate journey

We are privileged to work with subject matter experts from academia, business and government, who together strengthen our ability to provide the commercial environments and know-how required to develop, implement and scale effective climate solutions across our value chain.

- [Professor Sir Charles Godfray](#), Chief Climate and Sustainability Advisor²
- Carbon accountancy and climate strategy support from [South Pole](#)
- Academic support for eco-labelling, from Oxford University's LEAP and HESTIA programmes³
- [Dr Vincent Walsh](#), Circular & Regenerative System Designer
- COP26 recipe carbon footprinting from Klimato⁴ via our [Levy](#) business
- Scope 3 deep decarbonisation support with [Foodsteps](#)⁵



90,000+
recipe reformulations underway

A menu for a change

Transitioning to low-carbon recipes is critical in driving deep decarbonisation across the business, so we've called on the creativity of our 4,020 chefs to reformulate our extensive recipe library.

Successful reformulations have seen an increased focus on local, seasonal, and plant-based ingredients, in pursuit of a 25% switch from animal to plant-based proteins by 2025, and a 40% switch by 2030.

Key results to date include:

- Reduction of meat by 40% across the top 12 best-selling dishes in our business and industry sector
- The redesign of a beef wellington using mushroom to reduce its carbon footprint to <1kg CO₂e
- The successful "50:50" burger in our sports and leisure sector, containing 50% less animal protein



4,020 chefs
recognised as climate rockstars

Launched dedicated sustainability module in chef training

Given the importance of low-carbon menus in achieving our 2030 goals, it's essential that we inspire, educate and empower those responsible for them – our current and future chefs – to reimagine their roles and work through a climate lens.

In 2021, we worked with South Pole to create a training module for our chefs that explores climate impacts associated with procurement, kitchen management, preparation and serving; and deep-dives on the relationship between sustainability and nutrition.

This module forms part of our broader apprenticeship training, which we will continue to develop to include a greater focus on climate literacy in a food-specific context. Increasing this internal knowledge is a key focus in FY23, as we look to accelerate a cultural shift throughout the organisation.



6 sector-specific
Climate Action Plans

Developing sector-specific Climate Action Plans

Each of our six sectors has its own unique service and product offerings, value chains, challenges and opportunities to take climate action.

In recognition of this, operational leads were appointed in each sector to work on the development of sector-specific Climate Action Plans.

These plans are being supported by the specialist expertise listed on the first column of this page, and are starting to see us work increasingly with our clients in the development of their own action plans, too.

In focus:

Getting our house in order

What we did

To help us calculate the emissions of the services we deliver at client sites – and to propose solutions to mitigate them – we’ve been working with South Pole to develop a site-specific carbon footprinting tool.

How the tool works

The tool, which measures emissions across Scopes 1,2 and 3, was applied to two pilot sites: Compass Group’s Global HQ in Chertsey, and our Parklands office, in Birmingham.

Using FY19 activity data, we estimated the emissions footprint of each site. We then applied scenarios to model the reduction potential of changes applied to menus and at site level. These findings provide insights for site operators, serving as a decision-support tool towards climate action.

Key findings

- In both sites, over 75% of emissions were found to be associated with purchased products; 23% of which (Chertsey) and 33% of which (Parklands) are attributable to products containing animal proteins (meat, dairy and cheese, and seafood)
- At each site, our tool estimated the potential emission reductions of replacing the existing menus with lower carbon menus

- The reconfigured menus were found to be ~72% less carbon intensive than the existing; representing the potential to achieve an overall reduction between the range of -24% (moderate scenario) and -50% (ambitious scenario)

The models found a clear distinction in reduction performance across the two sites:

- When the interventions (e.g. those that reduce animal proteins) were applied to Parklands’ baseline footprint, they delivered a comparatively lower reduction to when applied to Chertsey
- This is due to the difference in offer. Parklands’ FY19 sales mix included more retail products (e.g. dry foods, hot beverages and confectionery products) while Chertsey’s included more meat, dairy, fruit and vegetables.

Looking forward

With the long-term vision of calculating the footprint of all 4,000+ sites we cater for in the UK&I, we will be focused on the following in FY23:

- Identifying more interventions to address the material retail categories of each site
- Working with key partners to develop a digitalised tool
- Producing client site reports to support the creation of carbon action plans to 2030

Findings of the carbon tool pilots

BAU scenario moderate scenario ambitious scenario



FY19 baseline footprint, Chertsey
– Compass Group Global HQ

425t CO₂e



FY19 baseline footprint, Parklands
– Compass UK Offices, Birmingham

393t CO₂e



Scenario assumptions by 2030, starting from 2023

Business as usual scenario (BAU)

External interventions included to model this scenario:

- Baseline emissions: kept flat through to 2030
- Electricity grid decarbonisation: the electricity grid emission factor reduction is in line with the UK government’s grid decarbonisation strategy
- Product innovation: we applied reductions from expected product innovations, based on the following rationale:
 - > The Intergovernmental Panel on Climate Change (IPCC), showed that today’s technologies have the potential to reduce global emissions by about two-thirds (BCG)
 - > Technological development and implementation can significantly reduce emissions from energy use in the food processing sector (IPPC, 2018)

It is for these reasons that this trajectory shows a reduction in emissions through to 2030.

Moderate scenario

Internal interventions, targeting carbon hotspots for significant reduction through:

- 50% reduction in food waste
- 40% switch animal to plant proteins (excl. cows’ milk)
- 40% meat, dairy, fruit and vegetables from regenerative agriculture sources
- 30% switch cows’ milk to plant-based alternatives
- 30% switch to plant-forward alternatives⁶

Ambitious scenario

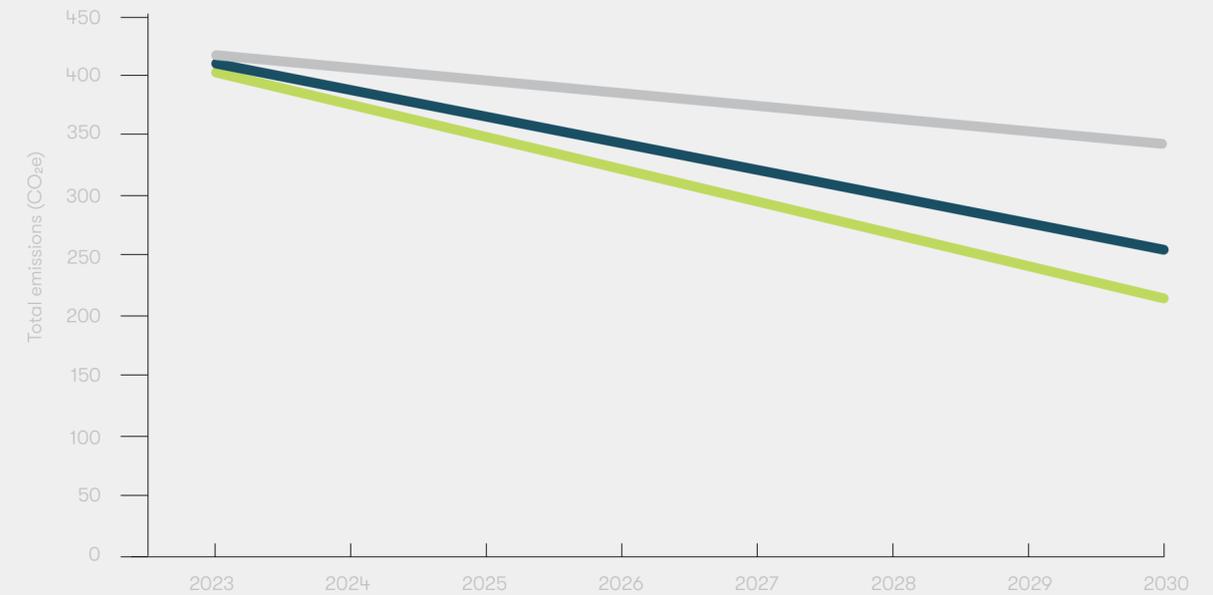
Internal interventions, targeting carbon hotspots for deeper reduction through:

- 75% reduction in food waste
- 60% switch animal to plant proteins (excl. cows’ milk)
- 70% meat, dairy, fruit & vegetables from regenerative agriculture sources
- 50% switch cows’ milk to plant-based alternatives
- 60% switch to plant forward alternatives⁶

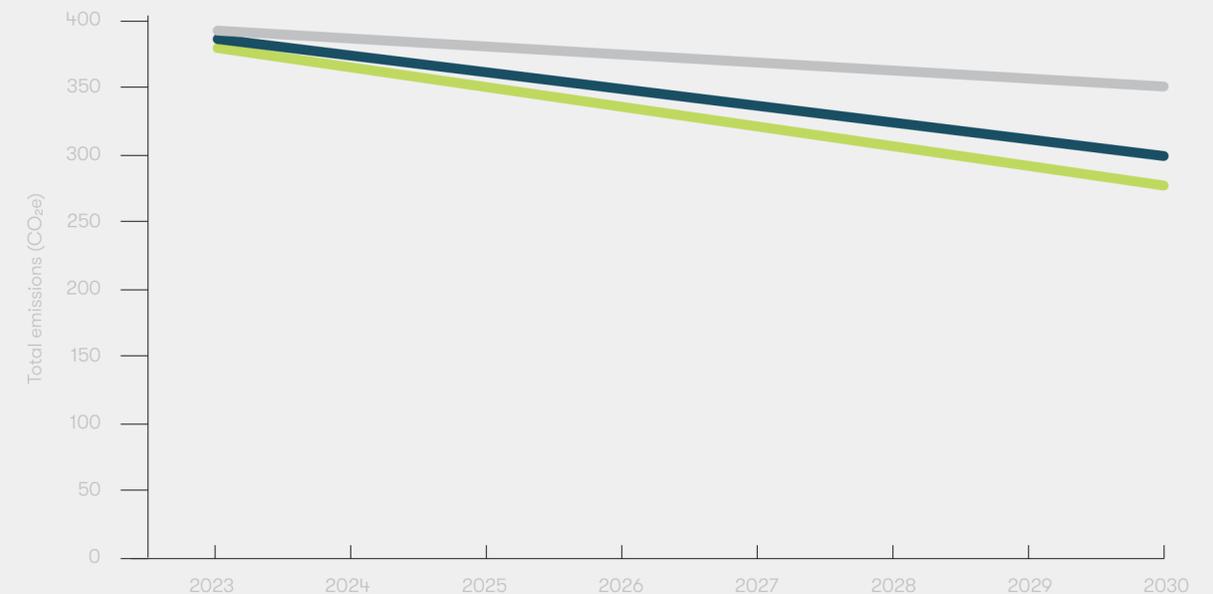
For the definition and criteria for plant-forward - against which the interventions shown here were modelled – head to the [Appendices](#).

BAU scenario moderate scenario ambitious scenario

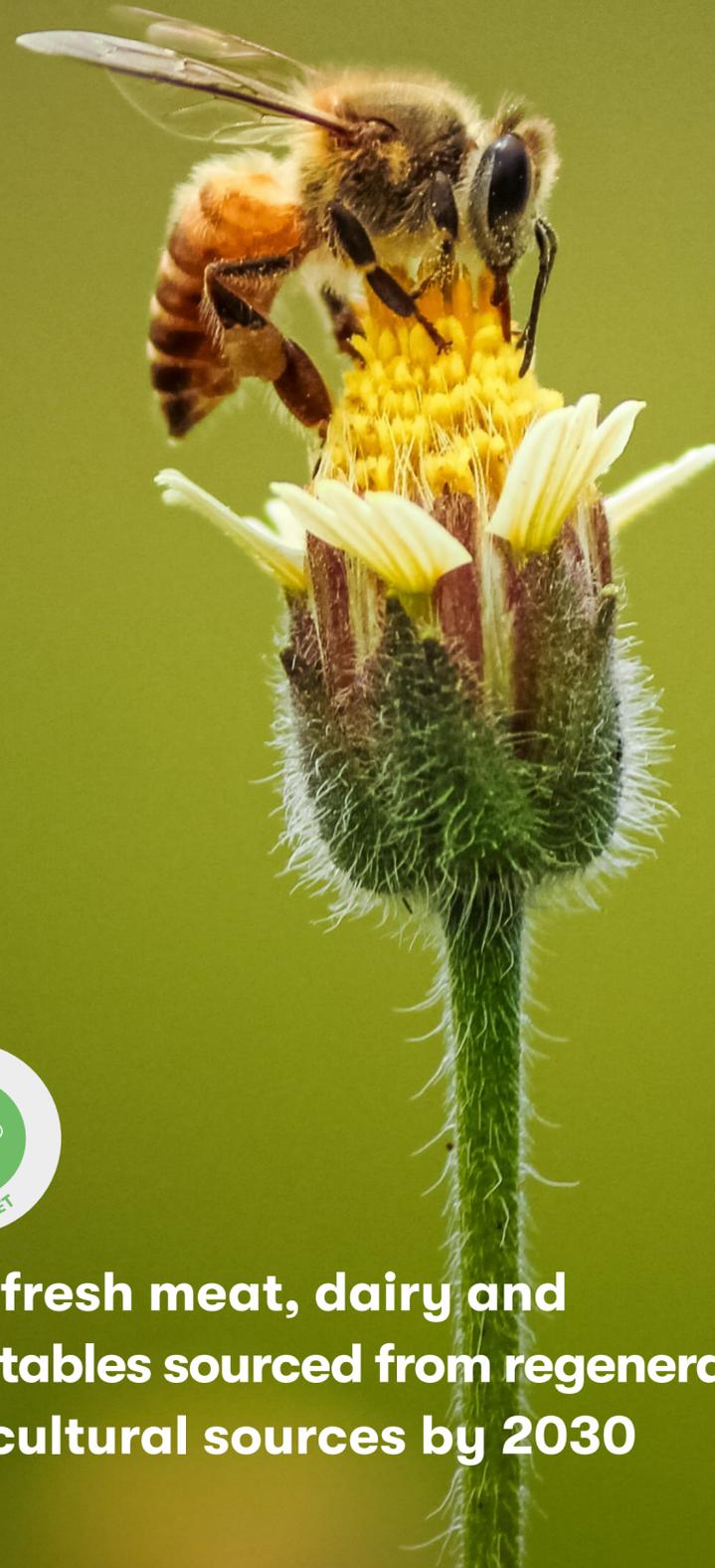
Chertsey Decarbonisation Pathway



Parklands Decarbonisation Pathway



Both show performance from 2023, because performance of interventions are being applied from that year onwards
Reduction potential stated is measured against the 2019 baseline footprints
Residual emissions in 2030 as shown in the wheel on previous page



70% fresh meat, dairy and vegetables sourced from regenerative agricultural sources by 2030

Biodiversity

Agriculture alone threatens 24,000 of the 28,000 (86%) species at risk of extinction. The world's food system – which has continuously innovated since the industrial revolution to produce more food, for less cost – is now the primary driver of biodiversity loss⁷.

What we're doing

- Support suppliers' transition to nature-based solutions; aimed at bringing back biodiversity and reducing harm
- Contribute to work developing measurement capability for farmers' impact on biodiversity (net gain and loss)
- Working with all sectors on the importance of introducing ever-stronger sourcing mandates using guidance from the Marine Conservation Society and Sustainable Seafood Coalition

Working with clients

As our clients' awareness of the twin crises of climate and biodiversity grows, we've been engaging in deeper conversations about how we can reduce our impact in this area together and where opportunities exist to establish collaborations.

Finding practical ways to measure the biodiversity impact of our activities is a major challenge. We will support research to develop improved metrics that will help both us and our industry make better decisions to promote nature-friendly food production.





Biodiversity

Key actions

**MCS categories 1-3**

mandated sustainable seafood

Sustainable seafood sourcing

The planet's oceans play a critical role in managing the climate: generating 50% of the oxygen we need, absorbing 25% of CO₂ emissions; and capturing 90% of the excess heat generated by those emissions⁸.

That Compass UK&I spends £16m+ on seafood a year highlights the responsibility we have to ensure our sourcing is sustainable, and underlines our role in proactively communicating with clients on the issues relating to this topic.

This is why we've introduced a new sourcing mandate: to only source seafood from categories 1-3 of the Marine Conservation Society's (MCS) Good Fish Guide. This has been supported by the Managing Directors in all six of our sectors, and is intended as a step change to tightening this further still in 2023; to only source from categories 1-2.

**95% certified**

mass balance palm oil against RSPO Standard

First big step towards deforestation-free palm oil procurement

Palm oil is the world's most produced, consumed and traded vegetable oil. However, irresponsible land clearing for plantations has led to widespread rainforest destruction and biodiversity loss⁹.

In recognition of this, the purchasing of sustainable palm oil products through credible global standards is a priority within Compass UK&I's climate commitments; one supported by The Roundtable on Sustainable Palm Oil (RSPO). Our supply chain currently has a mix of certified (95% certified mass balance) and non-certified volumes and we see RSPO certification as a first step to addressing this.

This work is also vital in pursuit of our deforestation target, made this year to take heed of FLAG sector guidance released by the SBTi in September 2022.

**5 farm pilot**

with the Soil Association Exchange

Shaping the future of sustainable farming

There is an urgent need to help our farmers transition from a reductionist approach to regenerative practices in support of climate, nature, animal welfare and community dynamics.

Recognising this, in 2022 we joined the Soil Association Exchange (SAX) alongside other major UK food purchasers.

The programme is designed to enable Compass UK&I's supply chain to work more closely with farmers to measure, track and improve their ecological footprint, and to build and access financial incentives.

**92-acre plot**

a platform of social and ecological activity

Breaking ground at the Biohub

Compass UK&I's sports and leisure sector, Levy, has sponsored the development of a 92-acre plot into an innovative demonstrator farm.

The objective of the project is threefold:

- 1.** Help educate chefs and farmers on sustainable farming practices
- 2.** Grow ingredients that can be directly incorporated into menus across Levy's venues
- 3.** Support the sector in its sustainability strategy, in pursuit of its accelerated climate commitments

Known as the Biohub at Ings Farm, the project has been launched in collaboration with specialist regenerative agriculture consultancy RegenFarmCo, Yorkshire Water and Quorn Professionals.

In focus:

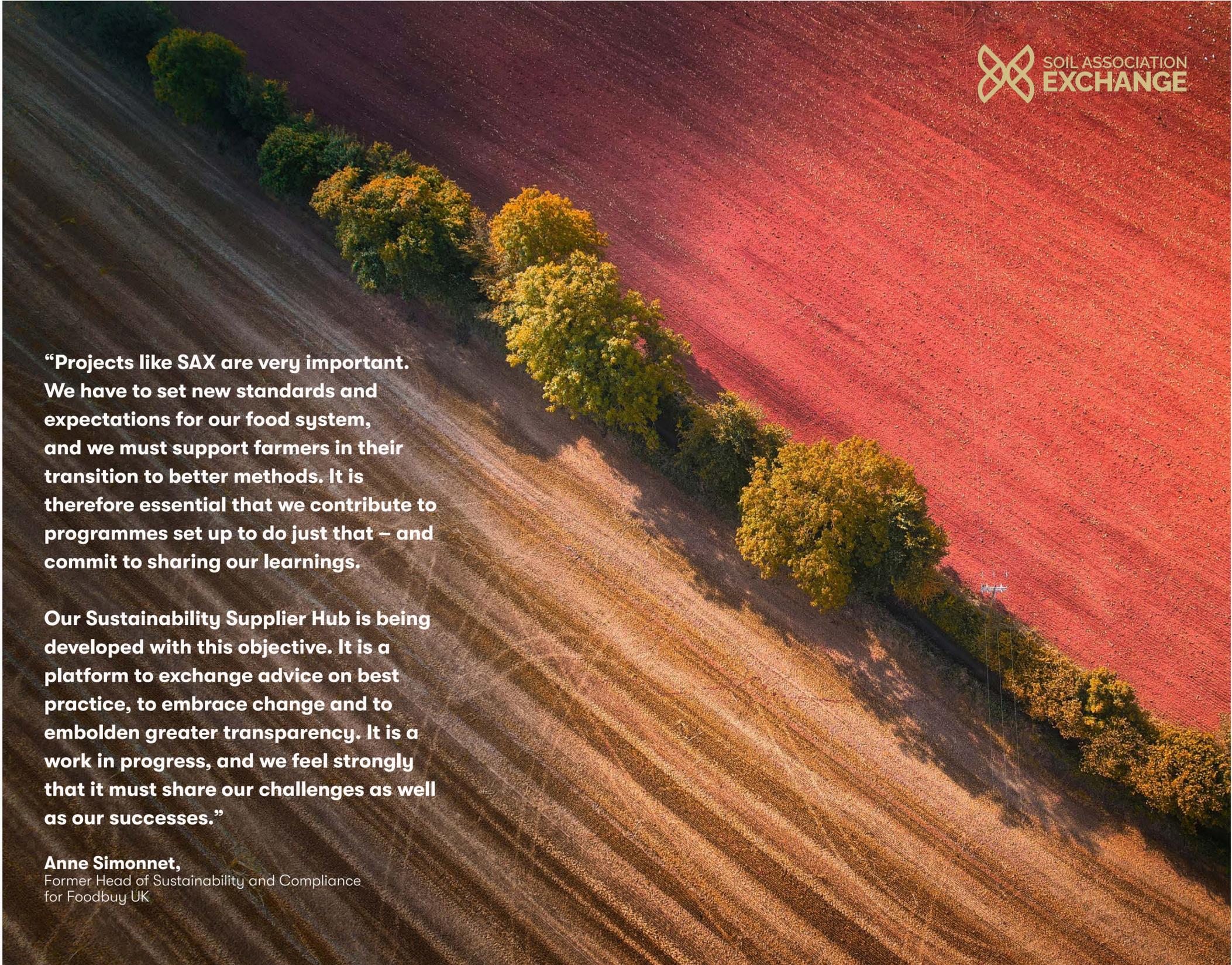
Supporting improved ecological measurement and impact

To reverse the damage the food sector is having on the planet's biodiversity, we need to radically transform the way in which food is produced and change the food we eat.

This is why in 2022, we joined the Soil Association Exchange (SAX) alongside other UK businesses including M&S and Arla. The Soil Association is a charity with 75 years of experience in supporting farmers to be not just profitable, but sustainable, too.

In partnership with SAX, we're now undertaking a detailed baseline of the ecological health of five of our supplying farms. These will then be benchmarked against hundreds of farms across the UK to share knowledge and unite learnings across the industry.

Each farm will receive an action plan to decrease their ecological footprint based on regenerative agriculture, recognising that farmers need to be financially rewarded for their progress, for this to happen at pace and scale.



“Projects like SAX are very important. We have to set new standards and expectations for our food system, and we must support farmers in their transition to better methods. It is therefore essential that we contribute to programmes set up to do just that – and commit to sharing our learnings.

Our Sustainability Supplier Hub is being developed with this objective. It is a platform to exchange advice on best practice, to embrace change and to embolden greater transparency. It is a work in progress, and we feel strongly that it must share our challenges as well as our successes.”

Anne Simonnet,
Former Head of Sustainability and Compliance
for Foodbuy UK



50% reduction in food waste by 2030
65% recycling rate for non-food waste by 2030

Waste

1.3 billion tonnes of food is wasted globally every year. If it were a country, it would be the third largest emitter of greenhouse gases in the world after the USA and China¹⁰.

Compass UK&I's business activities create food and non-food waste. Both carry a significant environmental and commercial cost. This underlines the need for closer, better measurement; so that our operational teams are supported in accelerating its reduction across the business.

What we're doing

- Commit to designing out avoidable food and non-food waste through an increased focus on circularity across our business
- Updating our systems to give our teams greater granularity of measurement for targeted and impactful reduction
- Ensuring non-food waste is targeted across the business with a clear commitment made to reduce it

Working with clients

Waste is a shared challenge, for which collaborative solutions are needed on both the supply and demand sides of the equation. By crafting strategic, evidence-led interventions, we can slash our waste footprint and its associated emissions.

As such, our commitment to our clients for FY23 is to provide deeper granularity for targeted reductions and shared commercial benefit.





Waste Key actions



5 new categories
for targeted food
waste reporting

Increased data points within internal waste tracking system

Food waste is often ‘lumped’ together making targeted reduction impossible.

To support our operators and our clients’ understanding of which stages of service produce the most waste, we’ve updated our internal menu planning system. All units can now measure and report on food waste across five categories: out of date; plate; post-production; pre-production; and retail.

This new data will allow us to identify specific, strategic intervention opportunities to reduce food waste and to report on the results of implementing them.

In FY23 we will develop this capability further to bring together food waste, emissions reduction and commercial impact data.



65%
non-food waste
new recycling target

Added non-food waste target to our 2030 Roadmap

Non-food waste is a priority for Compass UK&I. We have achieved a 100% diversion from landfill, yet ~70% of our municipal waste is sent for waste-to-energy incineration.

To create a truly circular economy, we know we must improve the ways we reduce, reuse and recycle.

This is why in 2022 we have introduced a new target to our Roadmap: to increase our non-food waste recycling rate to 65% by 2030 for all sites where we manage the waste contract.



109 tonnes
of food to our
charity partners

Providing a practical hand to families in need

In the UK, an estimated 6.65 million tonnes of edible food goes to waste every year¹¹. At the same time, almost 10 million people in the UK are living with food insecurity¹².

Thanks to our charity partners OLIO, FareShare and Too Good To Go, we are able to tackle both issues simultaneously. Through these partners, we donated 256,994 meals in FY22.

In June 2022, we also joined a coalition of UK businesses including Tesco, Pret a Manger and Planet Organic to rescue and redistribute 200 million meals in 12 months – giving a practical hand to those struggling with the escalating cost of living. As of November 2022, 35 million meals had been distributed through the initiative¹³.



789,631 litres
of cooking oil into biodiesel

Giving old cooking oil a new life

In FY22 we continued working with our partner Olleco, to convert used cooking oil into renewable, low carbon biodiesel – capable of reducing vehicle carbon emissions by 88%.

Olleco’s biorefinery is the UK’s largest processing plant dedicated solely to the task. They also used the filtered food waste scraps from the oil to fuel an onsite anaerobic digester.

In focus:

Deeper granularity for more targeted reduction

In FY23 we are mandating the roll-out of an updated in-house reporting system with the capability to track and reduce food waste across Compass UK&I in five categories: out of date; plate; post-production pre-production; and retail.

This will benefit our operational teams and our clients by:

- Giving greater granularity with the inclusion of additional data points (10+)
- Providing the ability to translate waste into financial impact
- Creating commercial savings by minimising over-purchasing and disposal costs
- Allowing sector-by-sector performance comparison, and identifying ongoing areas for improvement within each

To support this roll-out, we have developed educational tools for frontline teams to ensure practical change is embedded at site level. The governing objective, clearly defined across every tool, is to encourage purposeful waste prevention and advanced planning.

The four main tools are:

- Completion of the mandatory Climate Net Zero Toolkit with a range of tasks designed to support the reduction of food waste across our operations
- Mandatory e-learning of a Climate Net Zero module, created specifically for our frontline catering teams
- Annual Stop Food Waste Day communication and campaign material to encourage early, proactive engagement
- Food waste team briefing notes, to be tailored at site level

Food Waste Categories



Out of Date

Food and drink items that have expired their use-by date, including retail.



Pre-Production

Food waste generated from making a recipe e.g. onion skins, eggshells, bones.



Post-Production

Includes (i) food and drink that has been produced and thrown away at the end of service (ii) anything else that can't be classified within the other four categories.



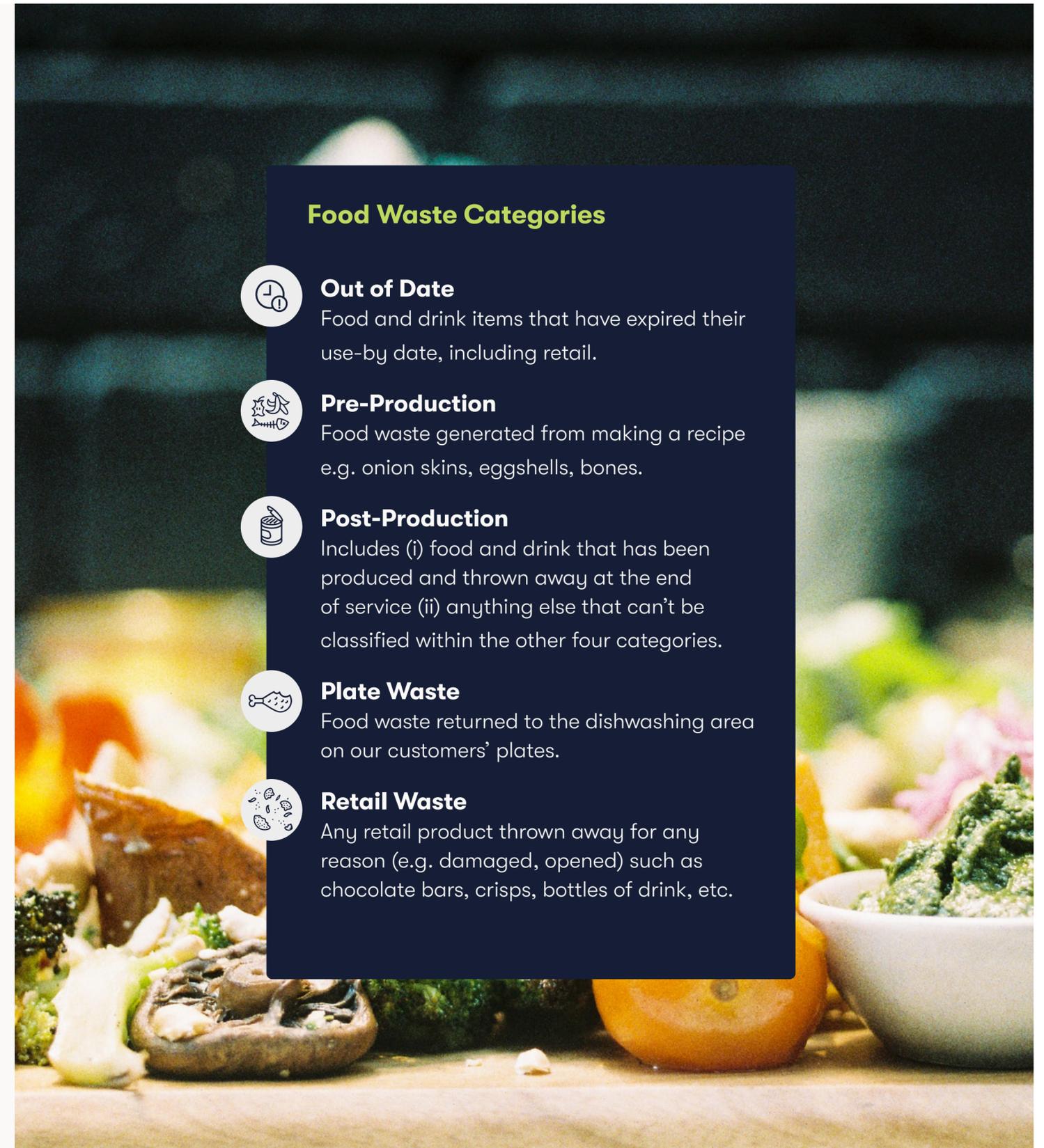
Plate Waste

Food waste returned to the dishwashing area on our customers' plates.



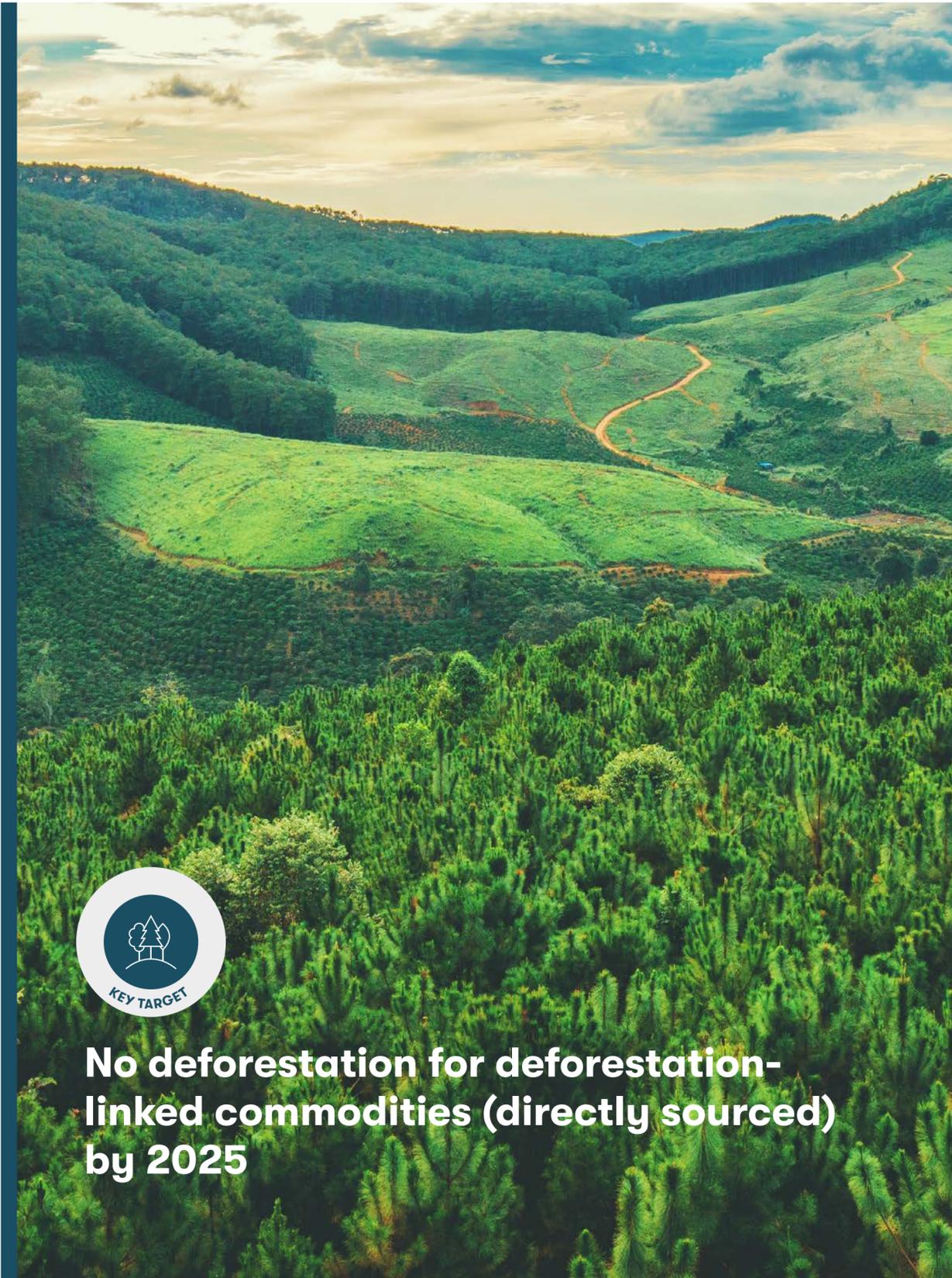
Retail Waste

Any retail product thrown away for any reason (e.g. damaged, opened) such as chocolate bars, crisps, bottles of drink, etc.





CHALLENGES



No deforestation for deforestation-linked commodities (directly sourced) by 2025

Deforestation

The world’s forests store approximately 861 gigatonnes of carbon – the equivalent to nearly a century’s worth of current annual fossil fuel emissions.¹ Agricultural expansion is driving ~90% of deforestation globally – turning these vital carbon sinks into emitters².

Tackling deforestation by the food industry must be a top priority.

What we’re doing

- Raising awareness on the impact of agricultural expansion from Board level to frontline
- Prioritising our focus on the top agricultural and forest-risk commodities: beef, leather, cocoa, palm oil, maize, paper, rubber, soy, timber
- Commit to no deforestation for deforestation-linked commodities (directly sourced) by 2025³ in line with latest SBTi guidance released September 2022

Working with clients

Deforestation remains one of the least requested areas of information asked of us, or of our clients. This is something we agree needs to change to increase positive pressure on the industry as a whole.

Working with Foodsteps and Sir Charles Godfray, we are committed to leaning into our supply chain complexity with a Data Charter to ensure we are:

- targeting suppliers and categories in order of their materiality
- asking the right questions in tenders so correct detail is captured as a fundamental part of every decision and contract agreement



Deforestation Challenges and opportunities

Between 2016 and 2018 alone, an area equivalent to 88% of the UK’s total land area was required to supply the country’s demand for just seven agricultural and forest commodities: beef and leather, cocoa, palm oil, pulp and paper, rubber, soy, and timber⁴.

Compass UK&I use all of these products in our supply chain, so **we recognise we have a duty to procure them responsibly – which is why we are committing to achieving no deforestation for deforestation-linked commodities (directly sourced) by 2025.**

We will achieve this by:

- Increasing our procurement of Fairtrade and Rainforest Alliance certified coffee and cocoa products
- Ensuring all palm oil contained in food products is RSPO-certified
- Ensuring all soya in the supply chain is verified deforestation-free⁵. We will continue to purchase Responsible Soy (RTRS) credits for our entire footprint in the meantime

To date, we have achieved:

- 14% of cocoa is certified Rainforest Alliance and/or Fairtrade, and 32% is covered by a manufacturer-own 2025 no deforestation commitment (e.g. Barry Callebaut, Nestle, Mars)
- 62% of coffee is certified Rainforest Alliance and/or Fairtrade, and 13% is covered by a manufacturer-own 2025 no deforestation commitment
- 95% of palm oil contained in food products is covered by RSPO certificates
- 100% of our soy footprint is either deforestation-free (20%) or covered by RTRS credits (80%)
- 100% of our fresh beef is UK sourced, 89% frozen beef is UK/ EU sourced
- 77% of paper is either 100% recycled or third-party certified. We are still working to track and report timber volumes

All data is representative of our purchases for the first half of FY22.

Target revision – Palm oil

In 2020 we set the following target for the sourcing of sustainable palm oil. We missed that target and have now revised it.

- Original target: 100% sustainable palm oil in food by the end of 2021
- Revised target: 100% sustainable palm oil in food by the end of 2023

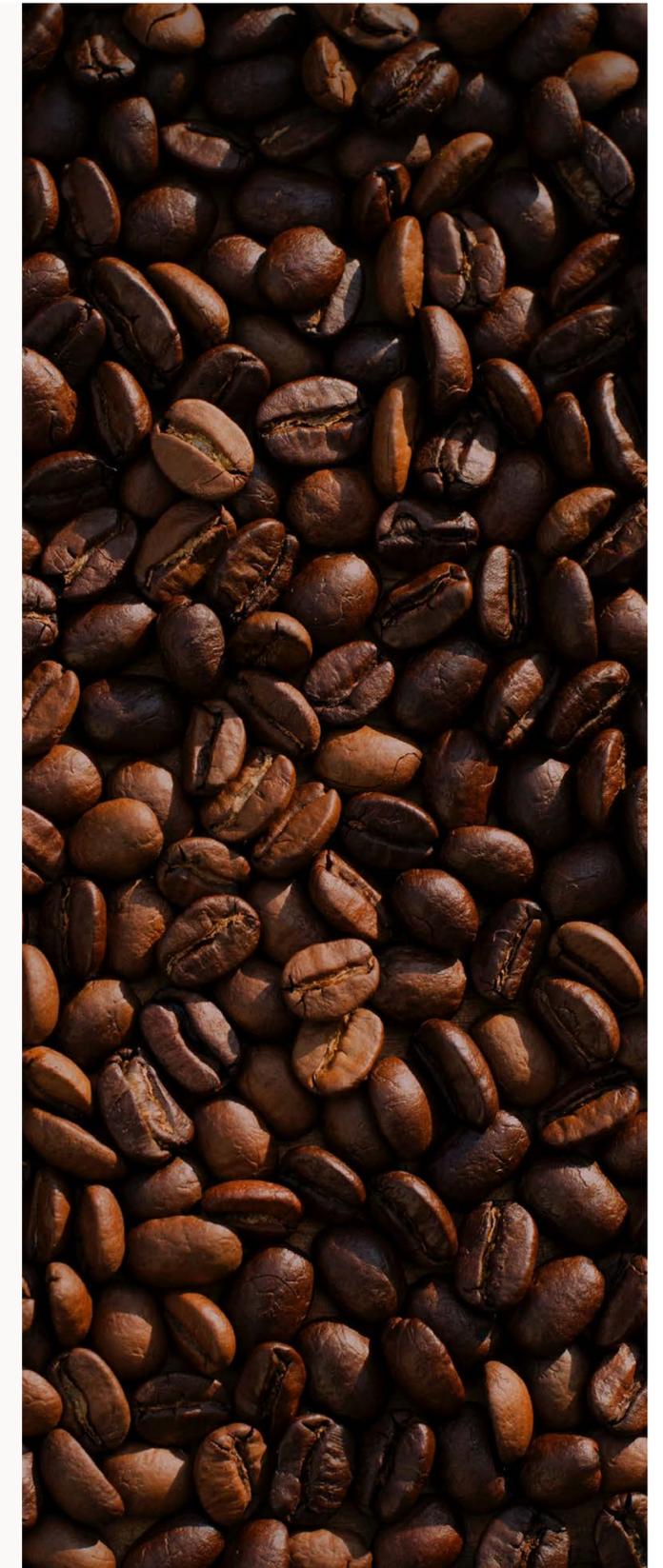
What’s changed

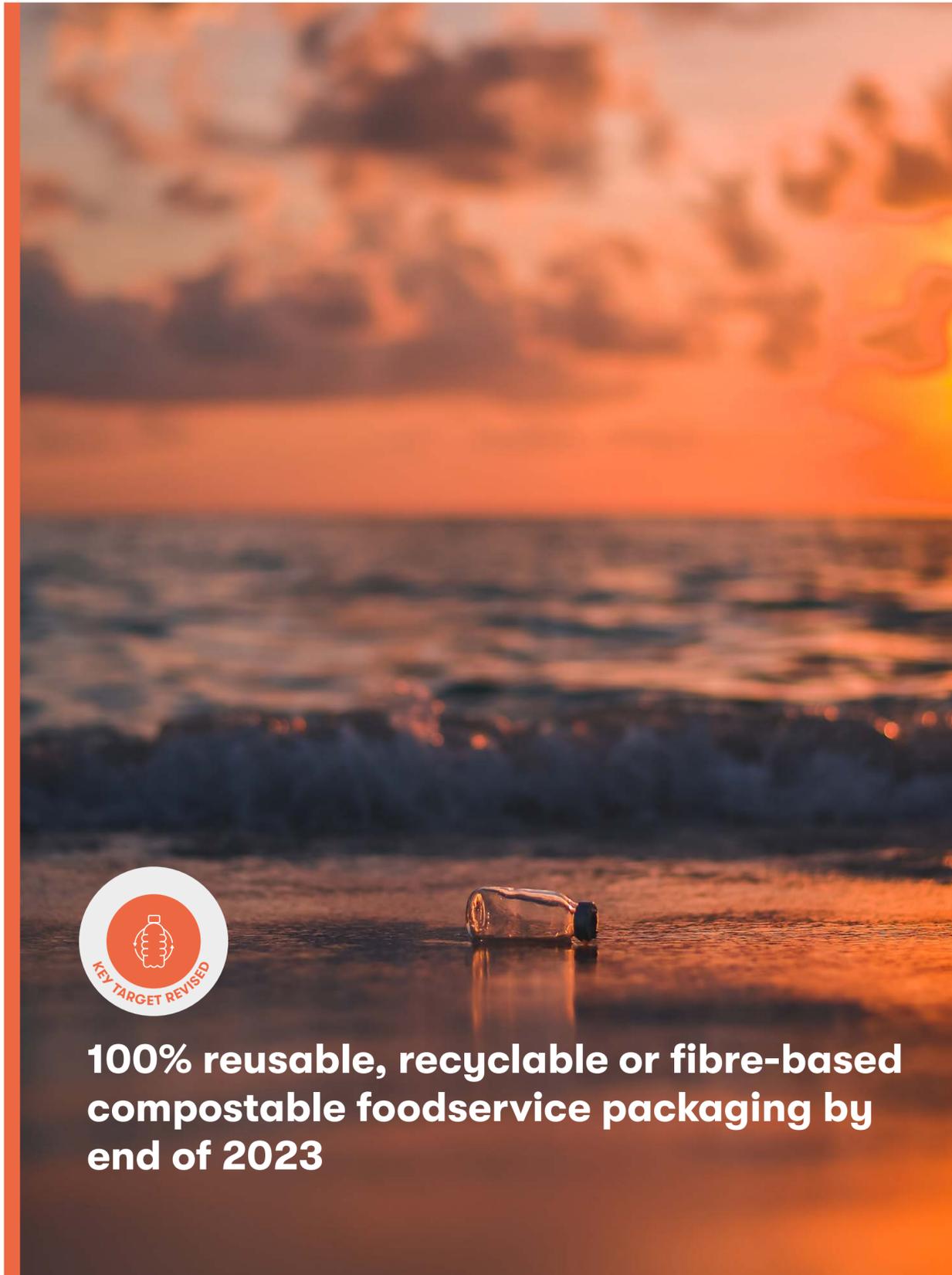
The target year. As of the first half of FY22, 95% of our palm oil sourced for food was sustainable.

Why

Geopolitical conflict has placed pressure on global oil supply due to the disruption of sunflower oil exports from Ukraine.

Market uncertainty following Indonesia’s temporary ban on palm oil exports in June 2022 coincided with the contract renewal for one of our remaining suppliers using uncertified palm oil. The new target deadline is dictated by this contract’s end date.





100% reusable, recyclable or fibre-based compostable foodservice packaging by end of 2023

Plastics & Packaging

The cumulative volume of greenhouse gases from plastic production and usage is forecast to reach over 56 gigatons by 2050, based on its current growth trajectory. That’s 10-13% of the world’s entire remaining carbon budget⁶.

These facts are (rightly) raising the profile of plastic, but with it there is growing evidence of misinformation; underlining the need for a packaging strategy that’s based on truthful impact – environmental and commercial.

What we’re doing

- Increase business-wide knowledge on the class of materials being used (e.g. plastics) to accurately advise our operators and our clients and avoid inaccurate, blanket assumptions
- Providing sustainable, commercially viable alternatives to single-use plastics and packaging for all sectors
- Continue to report on our progress and our challenges in transitioning from a linear to circular packaging approach

Working with clients

How we package our food plays a critical role in every stage of service: preserving, reducing waste, and offering ‘on the go’ convenience; a factor that remains king. The packaging options we choose need to cater for all these priorities, while being commercially viable.

We have greatly appreciated the growing maturity of knowledge in this space and the opportunity to talk – and crucially, to test – new packaging options in client sites as they come to market. We will continue to do this as products improve and innovations emerge, and are committed to working with our suppliers on the complex task of transitioning a business of Compass UK&I's size to a circular approach.



Plastics & Packaging

Challenges and opportunities

When it comes to eliminating and reducing our plastic and packaging usage and waste, the challenges are significant.

With recovery and recycling, solutions simply don't yet exist for many of the materials we use. For example, packaging with food contamination must be discarded as general waste and sent for incineration, no matter the material type. For other hard-to-recycle materials like disposable coffee cups, recycling options carry a price tag that currently challenges its commercial viability at scale.

To this end, **we're working closely with our waste management partners to find solutions for hard-to-recycle items.** We're also investigating and testing innovative sustainably sourced bio-based materials, including bamboo, palm leaf and seaweed.

Our goal is to transition to 100% reusable, recyclable or fibre based compostable foodservice packaging by the end of 2023.

We will achieve this by:

- Continuing to eliminate single use items from across the business
- Investigating, testing and comparing the environmental impact of innovative materials that are naturally derived and sustainably sourced
- Eliminating PVC cling film by the end of 2022

To date, we have achieved:

- Removed 15+ million pieces of single-use plastic and eliminated problematic plastic like expanded polystyrene (EPS) across the business
- Started to develop our packaging strategy strengthened with commodity-specific targets to embed circularity across our sites in every sector



Target revision

- Original packaging target: 100% reusable or recyclable packaging by 2023
- Revised packaging target: 100% reusable, recyclable or fibre-based compostable foodservice packaging by end of 2023

What's changed

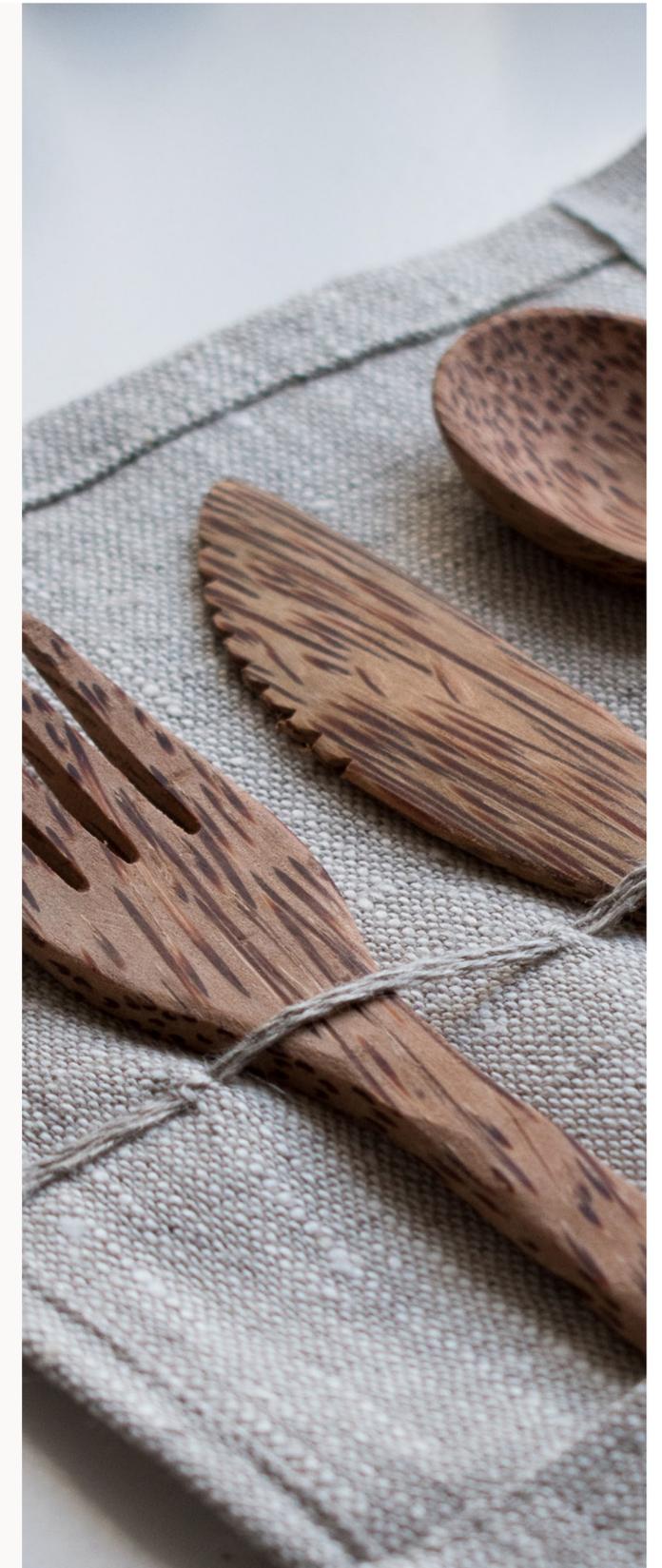
Fibre-based compostable was not a material accepted in the original target and is now included.

Why

Cost. Inflation, in double digits every month of 2022, combined with the cost of switch options, saw an estimated impact north of ~£1m for the UK&I business as a whole to deliver the original vs the revised target.

Pragmatism. Given this commercial impact, we have made the decision to:

- Maintain support for sectors on track to hit the original target in FY23; e.g. Levy
- Revise it to ensure positive change continues across the UK&I business as a whole; conceding to a slower pace, not a standstill
- Review this target as the science base of materials continues to evolve





On determining our water footprint we will set a clear target in 2023

Water Stewardship

70% of global freshwater is used for agriculture⁷, and 8 of the top 10 countries that the UK sources fruit and vegetables from are drought-prone⁸.

In the UK, water stress is also becoming increasingly widespread with the government classifying 15 out of 23 (65%) company water management areas, experiencing (or likely to experience) serious water stress⁹.

Given the complexity of Compass UK&I's operations and supply chain, it's imperative that we introduce an integrated, holistic water stewardship strategy to sustainably manage our usage.

What we're doing

- Determine our water footprint and identify opportunities to reduce our impact
- Develop an integrated water stewardship strategy for the sustainable management of our water usage
- Following the above, we will set a clear target in 2023

Working with clients

We're at the start of our journey in understanding and mitigating our water impacts and acknowledge there is much to do.

We know that our use of water in our operations and at client sites – especially through our cleaning services – generates significant quantities of wastewater.

Water Stewardship

Challenges and opportunities

For Compass UK&I, determining our water footprint and identifying precise opportunities to reduce our impact is a complex task. We source thousands of products from all around the world, and understanding the origins of raw materials and the associated water risks of diverse landscapes is challenging, especially with processed foods and products containing multiple ingredients.

What we do know is that the majority of our water impacts in our supply chain occur during production, processing and manufacturing phases.

As a first concrete step, we will determine our water footprint and identify opportunities to reduce our impact.

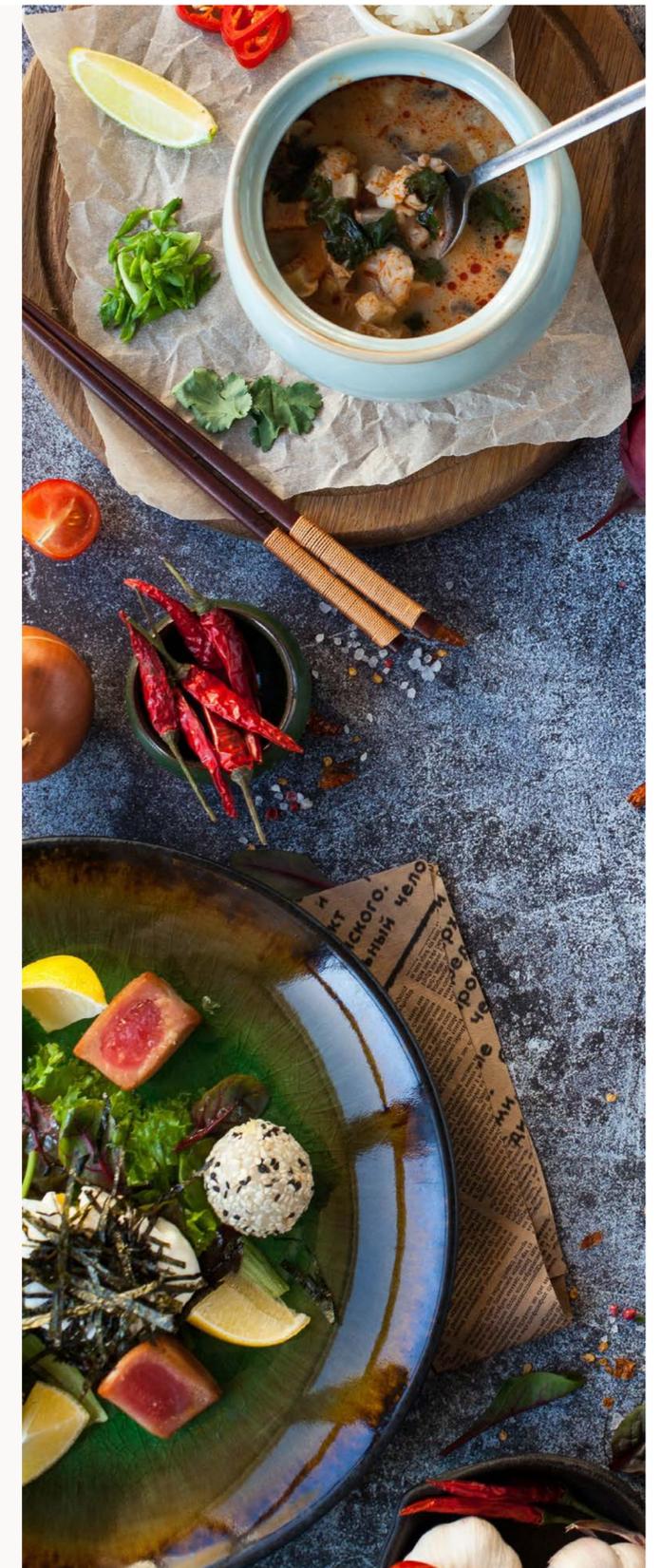
We are proud to be working with clients who share this focus.

We will achieve this by:

- Investigating the sourcing of fresh produce from areas with sustainable water management practises, working towards ensuring that our supply chains adopt best practices at the farm level
- Supporting efforts to ensure good governance of water at the catchment and basin scale
- Understanding our water usage and identifying the associated impacts and risks for our operations and supply chain
- Identifying water actions on the ground with partners
- Developing a supplier engagement program on water resilience

To date, we have achieved:

- Internal profile raising on Compass UK&I's role in water stewardship with senior stakeholders, including the need to identify priority basins and raw materials





WHAT NEXT



The need to rebaseline

Across the Compass UK&I business, FY22 has been a year of climate mobilisation. We launched our 2030 Climate Net Zero Roadmap in May 2021, followed by the validation of our science-based targets in September 2021 – setting us on a path to reduce our Scope 1, 2 and 3 footprint by 69% by 2030 (inclusive of growth).

Since that target validation, the Science Based Target initiative (SBTi) released a new Corporate Net Zero Standard providing updated guidance, criteria, and recommendations to help corporates set Climate Net Zero targets (October 2021); as well as specific FLAG (Forest, Land and Agriculture) sector guidance (September 2022). The new Corporate Net Zero Standard indicates that to achieve Climate Net Zero, FLAG sector companies need to reduce FLAG emissions 72% by 2050 and their non-FLAG emissions 90% by 2050.

Since our initial baselining exercise in 2021 (of our FY19 emissions), **we have grown our business through acquisitions, triggering the need for a baseline recalculation in FY23.**

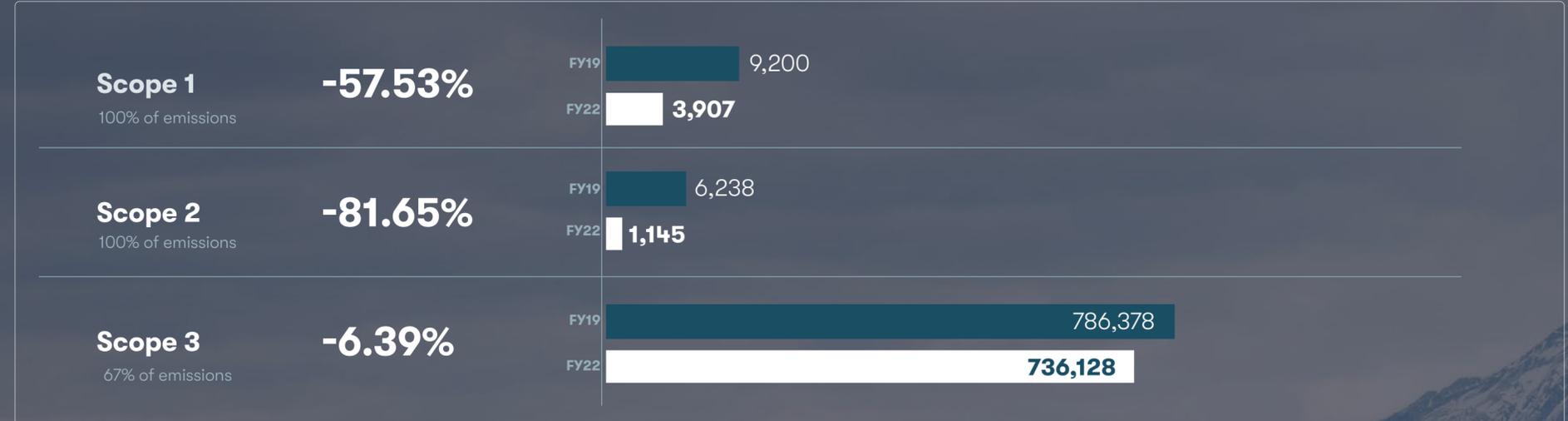
This recalculation will also use volumetric data, recognising the need for greater accuracy than the economic intensity method underpinning our results so far, has afforded us.

Once completed, we will submit our updated baseline and targets for revalidation to the SBTi.

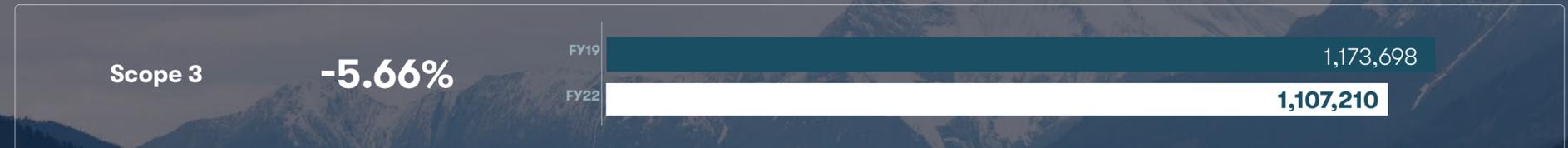
Emission changes (tCO₂e) between FY19 and FY22

Emissions within SBTi target boundary

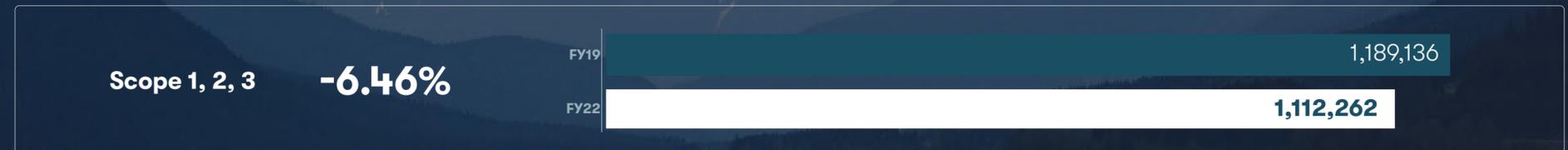
Units = tCO₂e Bar charts are not to scale



Total emissions under Scope 3



Total emissions reduction (Scope 1, 2, 3)



For transparency, we have intentionally chosen to show our Scope 3 performance in two separate bars:

- Scope 3 emissions within our SBTi target boundary covering two-thirds (67%) of total Scope 3 emissions, as required by the Science Based Targets initiative
- Total Scope 3 emissions, representing 100% of emissions under our Scope 3 inventories in FY19 and FY22

For information on our calculation methodology, including limitations, inclusions and exclusions, head to the [Appendices](#)



Sharp focus in 2023

Where our focus has to be at its very sharpest next year is now clear.

We must double down on **our three biggest impact enablers** and recognise that one dominant ingredient will determine the successful delivery of them all.

This ingredient is Compass UK&I's reporting capability: the robustness of our data, the strength of our analytical insight, and the efficacy with which we then use it for maximum material impact – commercial, environmental and cultural.

Developing this capability is now at the heart of our strategic conversations.

Three biggest impact enablers for FY23



Carbon

Priority action: recipe-level footprinting and Scope 3 carbon accountancy (volume baseline)

Objective: ability to reduce embodied carbon on every plate and measure collective impact

Method: strategic partnership with Foodsteps, supported by The University of Oxford, to map a decarbonisation pathway focused on three levers: ingredients, sales mix, and suppliers



Waste

Priority action: mandate roll out of updated tracking system, report quarterly and incentivise reduction

Objective: achieve greater granularity of measurement and hit UK stretch targets

Method: integrate food waste reporting into wider suite of analytics and link performance with remuneration so action is incentivised and accelerated



Cultural shift

Priority action: recognise knowledge gaps as blockers to business-wide action

Objective: improve learning opportunities so every job can be increasingly understood through a wider climate and sustainability lens

Method: raise awareness across our 45,000-strong workforce on the impact of our diets as a community by partnering with sustainability tech start-up, giki



Difficulty must never become a deterrent

The 27th United Nations Climate Change conference (COP27) in Sharm El Sheikh, Egypt provided us all with further evidence of two things:

- The food system is increasingly and publicly at the centre of the world’s greatest crises
- The gap that exists between average and extreme degrees of climate action is growing

Because of this, an urgent need exists for a specific type of leadership – a mix of ruthless pragmatism, and human drive to democratise sustainable food for the many.

It is a role Compass UK&I can, and wants to lead, alongside businesses that are equally passionate about doing the same.

Over the past 18 months we’ve had a front-row seat to understanding the nature, level and complexity of change required to revolutionise our industry – one of the most complicated to decarbonise on earth.

We developed this Report to transparently share the progress made and challenges encountered by our business since announcing our Climate Net Zero commitment.

As you read through, you will have seen that we intentionally reported on both the areas in which we have delivered action, and those we have not. This was driven by our belief that virtue-signalling wastes time we do not have, and honours our commitment to transparently share our achievements and learnings equally.

We are keenly aware of both our strengths and where we must do better; and that we’re only at the start of a long and complex road.

To reach our goals, incremental shifts to the status quo will never be enough – systemic change and radical transformation is required at the heart of our operating model itself.

As this knowledge continues to grow within our teams, our clients, suppliers and partners, we are starting to see it motivate a gear shift across our entire value chain.

There is a long way to go and no shortcuts to get there, but our responsibility and opportunity to act is as clear as it is compelling. That this is immeasurably difficult must never become a deterrent to action, or a reason to dilute our ambition.

On the contrary, we cannot afford to do anything other than lean in ever further. It’s a privilege to work with a growing community of people who feel the same.

We’re also reminded of the fact that our most valuable climate action is achieved when we join forces with our clients, consultants, and partners. It’s clearer than ever that the successful application of climate solutions – at pace and at scale – will only be possible by collaborating.

Carolyn Ball

Director for Delivery of Net Zero





Growing our team

The work described in this report would not have been possible without the dedication and collaboration of so many people across the business.

The team members included on this page are called out specifically for the degree to which they have re-imagined their roles through a climate lens over the past 18 months.

Their business knowledge, curiosity and commitment has allowed us to bring nutrition and sustainability closer together, in a shared drive towards meaningful climate action.

It has also helped to raise awareness of the importance of this work across Compass UK&I's sectors and regions.

In FY23 we look forward to building this team with additional, dedicated resource, particularly in the worlds of carbon accountancy and data analysis so we are in the strongest possible position to support our colleagues, clients and partners.

Compass UK&I



Carolyn Ball
Director for Delivery of Net Zero



Ashleigh Taylor
Head of Environment



Jon Scholz
Finance Director & NZ Commercial Lead



Nicky Martin
Head of Nutrition

Regions



Niamh Quinn
Senior Nutritionist & Sustainability Lead – Ireland



Emily McWilliam
Senior Nutritionist & Sustainability Lead – Scotland



Jane Byrd
Managing Director – Cymru

Restaurant Associates



Gavin Goody
Marketing Director

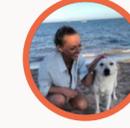


Kerry Chapman
Operations Director & Net Zero Lead

Foodbuy



Hari Singh
Head of Sustainability & Compliance



Rachel Eyre
Sustainable Procurement Manager



Maya Gadhvi
Sustainability Specialist



Stephanie Pereira
Finance Analyst

Sport, leisure and venues



Kevin Watson
Business Director & Net Nero Lead



James Buckley
Executive Development Chef

Business and industry



Rees Bramwell
Senior Nutritionist & Net Zero Lead



Ryan Holmes
Executive Development Chef

Education



Meg Hughes
Director of Nutrition & Sustainability



Olivia Pratt
Head of Nutrition & Sustainability



Molly Bolton
Graduate Sustainability Lead

Defence, Government, Energy, Retail, Healthcare



Anne Simonnet
Sustainability Director



Phil Cage
Business Director



Lone Middleton
Proposition Director



The need for pace

Since March 2021, South Pole has been working closely with Compass UK&I as they forge a path towards Climate Net Zero. As a purpose-led organisation ourselves, it is important for us to work with businesses that want to take meaningful action against climate change. This has been our experience of Compass UK&I from day one.

For Compass UK&I, mitigating and adapting to climate change is going to be a challenging undertaking, requiring sweeping action throughout their value chain. For this reason, articulating and acting on six key sustainability focus areas has been vital to avoiding climate tunnel vision and ensuring a holistic approach – one that draws on every available lever to reduce carbon and other environmental impacts simultaneously.

Working with Compass UK&I has afforded us the privilege to see first-hand the pace at which organisational transformation is possible, given the right leadership and spirit.

Mark Day

South Pole Compass Lead



A large white circle containing the word "APPENDICES" in a bold, orange, sans-serif font. The circle is centered on a background of various fresh ingredients in bowls, including blueberries, a sliced pear, cilantro, spinach, and seeds.

APPENDICES



Compass UK&I GHG Accounting Methodology

Calculating our baseline emissions

- Our Scope 3 footprint is calculated according to the Greenhouse Gas Protocol Corporate Standard
- The Protocol breaks Scope 3 inventories down into 15 categories (8 upstream and 7 downstream)
- Upstream categories (categories 1-8) involve all activities used to produce the product
- Downstream categories (categories 9-15) involve all activities used to consume the product
- When business activities of Compass UK&I and our subsidiaries were reviewed in 2019, downstream categories were deemed not relevant. See "categories and reasons for exclusions" section
- Emissions from all greenhouse gas sources were accounted for e.g. carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O)
- The largest share of our Scope 3 footprint is attributable to category 1: purchased goods and services, accounting for 87.46% of our total FY19 baseline emissions. This was calculated on an economic intensity basis. This method contains built-in volatility, because the product emission factors assume a carbon impact per GBP, which are subject to price fluctuations

- To calculate our FY22 emissions, we identified and removed inflation from the price of goods, in an attempt to permit a more like-for-like comparison
- During our FY22 impact reporting process we identified a 0.5% discrepancy in the reported figures for Scope 3 in our 2019 baseline year. This is referenced in our [Carbon Reduction Plan](#) to comply with PPN 06/21

Scope 1 and 2:

- Our Scope 1 emissions are calculated by multiplying activity data (e.g. fuel used in company-owned vehicles), with a representative emission factor
- Our Scope 2 emissions from purchased electricity are calculated using a market-based approach, to reflect the average energy intensity occurring in the UK
- Using a market-based approach means we are measuring emissions from electricity sources that Compass UK&I has purposefully chosen, i.e. renewable in line with our SBT
- To calculate emissions for Scope 1 and Scope 2 we used conversion factors from the UK government's BEIS database. These figures have been audited and submitted to Compass Group PLC as part of its annual reporting

Scope 3: categories 1-8 (upstream)

- Category 1 (973,484 CO₂e FY22): Purchased goods and services emissions, from products with a short lifespan (e.g. food, packaging, etc), were calculated by multiplying spend data by economy intensity emission factors to estimate emissions. Databases used: Comprehensive Environmental Data Archive (CEDA)
- Category 2 (886t CO₂e FY22): Capital goods emissions, from products with an extended lifespan (e.g. furniture, equipment, etc), were calculated in the same way as category 1
- Category 3 (2,108t CO₂e FY22): Fuel- and energy-related activity emissions, from the extraction, production, and transportation of purchased fuels and electricity, were calculated based on Scope 1 consumption data
- Category 4 (8,566t CO₂e FY22): Upstream Transport and Distribution emissions, from transport of products between Compass UK&I's tier 1 suppliers and own operations, were calculated based on a sample of supplier data
- Category 5 (3,956t CO₂e FY22): Waste generated in operations emissions were calculated using a sample of site data
- Category 6 (3,313t CO₂e FY22): Business travel emissions were calculated using Compass UK&I data on work-related flights

- Category 7 (18,482t CO₂e): Employee commuting emissions were calculated using a sample of Compass UK&I's data
- Category 8 (96,415t CO₂e): Upstream leased assets emissions, generated by energy use at client sites, were calculated based on a sample of site data

Categories and reasons for exclusions are as follows:

- Category 9 Downstream transportation and distribution: Assumed sold products are consumed at point of purchase, therefore no transportation of the sold product
- Category 10 Processing of sold products: Compass UK&I does not sell intermediate products that require further processing after point of sale
- Category 11 Use of sold products: Emissions of sold products are accounted for in purchased goods and services
- Category 12 End of life treatment of sold products: All waste generated by Compass UK&I's Operations is in category 5
- Category 13 Downstream leased assets: Compass UK&I does not own and lease assets to other entities



- Category 14 Franchises: Compass UK&I has franchise sites, but at the time of calculation, these were deemed to be minor relative to other operations
- Category 15 Investments: Compass UK&I does not operate investments

Since setting our baseline, we have acquired 5 new businesses, the size of our franchise business has grown, and we need to calculate a more precise baseline for purchased goods and services. To do this we are prioritising the capture of comprehensive volumetric data in FY23 ahead of the recalculation of our baseline footprint.

Baseline emissions – descriptions

- Food products we buy: Agricultural emissions (key emissions sources include meat, dairy and cheese, fruit and vegetables), product manufacturing, packaging materials
- Non-food products and services we buy: Emissions from mined raw materials entering non-food products, product manufacturing, plastic packaging and disposables, fuel- and energy-related production emissions, the production of fixed assets with an extended lifespan (e.g. plant, property or equipment)
- Transport and Travel: Supplier transport, owned vehicle fleet emissions, business travel, employee commuting
- Running our sites: HVAC and refrigerants, purchased electricity, waste generated in our operations

- Emissions from kitchens at our client sites: HVAC and refrigerants, natural gas, purchased electricity

Conditions triggering a baseline recalculation

We recognise that a rebaselining is not required when organic growth is achieved against existing business activities, as our absolute reduction targets will deliver reductions against both our baseline plus any new growth-related emissions.

However, the following activities have triggered the need to recalculate our baseline in 2023:

- Acquisition of new businesses that add +5% emissions to our existing footprint
- The need to change the GHG accounting methodology by moving from spend to volume of product





Measuring progress

Setting Science Based Targets (SBTs)

The process for setting an SBTs has been as follows:

- Include all Scope 1 and 2 emissions and set a target boundary of 67% for Scope 3
- Submit our targets for validation with the Science Based Targets initiative (SBTi) and answer questions
- Receive target validation and a report from the SBTi confirming this decision

Note: We will update our SBTs next year to reflect our recalculated baseline and to align with the SBTi Corporate Net Zero Standard and Forest, Land and Agriculture (FLAG) Guidance.

Calculating performance against our SBTs

SBTi Validated Targets	Methodology for calculating performance
Compass Group UK and Ireland Limited commits to reduce absolute Scope 1 and 2 GHG emissions 69% by 2030 (inclusive of growth) from a 2019 base year.	We calculated emissions of our FY22 Scope 1 and 2 activities against BEIS conversion factors and compared these against our FY19 Scope 1 and 2 data.
Compass Group UK and Ireland Limited commits to reduce absolute Scope 3 GHG emissions from purchased goods and services 69% by 2030 (inclusive of growth) from a 2019 base year.	<p>The same economic intensity method used to calculate our FY19 baseline was used to calculate our FY22 performance.</p> <p>The breakdown detail included on page 16 is shared for transparency, ahead of reasserting our baseline in FY23 using volumetric data.</p> <p>As called out, while there is an increase to our non-food category this does not translate with the same materiality that it would for our food products.</p> <p>The reason for this is the 30.43% differential (on average) in carbon intensity reflected in the calculations for food vs non-food.</p> <p>Using the economic intensity method this is evidenced by the following calculation:</p> <ul style="list-style-type: none"> • 0.64 kg CO₂e/£ non-food • 0.92 kg CO₂e/£ food <p>Before calculating emissions, we identified and removed inflation from the price of goods, in an attempt to permit a more like-for-like comparison. We calculated our FY22 emissions for purchased goods and services (the emissions in Scope of our target boundary) at a subcategory level (e.g. beef), multiplying the same emission factors as used to calculate our FY19 baseline inventory.</p>
Compass Group UK and Ireland Limited commits to increase annual sourcing of renewable electricity from 2% in 2019 to 100% by 2022.	We compared our purchased electricity consumption for FY19 and FY22 and the % of our FY22 supply coming from renewable electricity.

Limitations

Our purchased goods and services GHG baseline was calculated following an economic intensity approach, which relies on the price of products to estimate emissions. We followed this approach instead of applying a volumetric approach, because of insufficient supply chain data.

This approach carries limitations, because product price fluctuates based on market price adjustments and other factors. As such, it is not as stable as the weight of a product would be and also means we are currently unable to accurately track the direct correlation between emission reductions driven by interventions (performance) versus those resulting from price changes. Therefore, our baseline and calculations for FY22 are likely to include cases of under and/or over-estimations of the impact of products.

In FY23, we will need to recalculate our baseline footprint using volumetric data.

Our exercise to remove inflation from the FY22 pricing is based on market intelligence, however there were assumptions made in determining these price changes.

Once we move over to a baseline calculated using volumetric data, we will be better able to attribute interventions made, with emission reduction performance achieved.





Endnotes

Our role

1. [Rockström, J, 2020, 10 years to transform the future of humanity -- or destabilize the planet, accessed 28 October 2022](#)
2. [IPCC, 2022, IPCC Sixth Assessment Report Impacts, Adaptation and Vulnerability: Summary for Policymakers Headline Statements, accessed 28 October 2022](#)
3. [United Nations, \(no date\), Food and Climate Change: Healthy diets for a healthier planet, accessed 28 October 2022](#)
4. [Compass Group UK, 2021, ESS Announces Partnership with Incredible Edible, accessed 28 October 2022](#)

Strategy

1. [Carbon Disclosure Project \(CDP\), \(no date\), What we do, accessed 28 October 2022](#)
2. [World Resources Institute and World Business Council for Sustainable Development, 2004, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, accessed 28 October 2022](#)

Progress

1. [United Nations, \(no date\), Food and Climate Change: Healthy diets for a healthier planet, accessed 28 October 2022](#)
2. [Compass Group UK, 2022, Compass appoints Chief Climate and Sustainability Advisor, accessed 28 October 2022](#)
3. [Compass Group UK, 2021, Compass Group UK & Ireland to Roll Out Eco-Labels Across Business & Industry Estate, accessed 28 October 2022](#)
4. [Levy, \(no date\), We're calling for a food revolution, accessed 28 October 2022](#)
5. [Foodsteps, 2022, Integrate sustainability seamlessly into your food business, accessed 28 October 2022](#)

6. Definition and criteria for plant-forward against which the interventions were modelled on [page 23](#)
 - Plant forward moderate adoption scenario: 30% plant forward recipes by 2030, which translates into a reduction in purchased volume of 30% for Meat category products, and increase in 30% of volume for Groceries Ambient, Savoury Products and Fruit & Vegetables categories
 - Plant forward ambitious adoption scenario: 60% plant forward recipes by 2030, which translates into a reduction in purchased volume of 60% for Meat category products, and increase in 60% of volume for Groceries Ambient, Savoury Products and Fruit & Vegetables categories

7. [UNEP, 2021, Our global food system is the primary driver of biodiversity loss, accessed 28 October 2022](#)
8. [UN Climate Action, \(no date\), The ocean – the world's greatest ally against climate change, accessed 28 October 2022](#)
9. [WWF, \(no date\), Palm Oil, accessed 28 October 2022](#)
10. [FAO, 2013, Food wastage footprint: impacts on natural resources, accessed 28 October 2022](#)
11. [WRAP UK, 2021, Food surplus and waste in the UK – key facts, accessed 28 October 2022](#)
12. [The Food Foundation, \(no date\), Food Insecurity Tracking, accessed 28 October 2022](#)
13. [Olio, Fareshare, \(no date\), Help us rescue 200 million meals, accessed 28 October 2022](#)

Challenges

1. [World Resources Institute, \(no date\), Forest Carbon Stocks, accessed 28 October 2022](#)
2. [FAO, 2021, COP26: Agricultural expansion drives almost 90 percent of global deforestation, accessed 28 October 2022](#)

3. 100% of our beef, soy, paper & timber, maize/ corn, rubber, coffee and cocoa raw materials to be certified against a responsible sourcing standard or 3rd-party audited company-own schemes (e.g. Fairtrade, Rainforest Alliance, RTRS, ProTerra) by 2025. For palm oil contained within food ingredients, 100% will be certified Roundtable for Sustainable Palm Oil by 2025. We define responsible sourcing in accordance with the SEDEX definition: 'responsible sourcing is an approach to sourcing and supply chains. It's when an organisation actively and consciously sources and procures products and services for their operations in an ethical, sustainable and socially conscious way.' In addition, Compass UK&I requires that the standards and company-own schemes against which suppliers are certified must prohibit deforestation from taking place. For company-own schemes, these need to have a cut-off of 2025 at the latest
4. [WWF UK, RSPB, 2020, Riskier Business: The UK's overseas land footprint, accessed 28 October 2022](#)
5. In the case of soy, deforestation-free signifies originating from a region commonly accepted as no deforestation risk (US/Europe) or third party certified sustainable
6. [CIEL, 2019, Plastic & Climate: The Hidden Costs of a Plastic Planet, accessed 28 October 2022](#)
7. [UNESCO, 2022, UN World Water Development Report 2022: Agriculture, accessed 28 October 2022](#)
8. [WRAP, \(no date\), Food and drink: transforming the food system, accessed 28 October 2022](#)
9. Serious water stress is defined in the Water Industry Regulations 1999 as where 'the current household demand for water is a high proportion of the current effective rainfall which is available to meet that demand; or the future household demand for water is likely to be a high proportion of the effective rainfall which is likely to be available to meet demand ([UK Government, 2021](#))

