Supply Chain Integrity Policy Statement

We recognise that our commercial activities impact our clients, consumers, suppliers and those people working within our supply chain. By acting with both responsibility and professionalism throughout our purchasing and supply chain processes, we aim to provide safe, legal and good quality food for our customers whilst protecting and supporting our suppliers and their employees.

The integrity of our supply chain can be affected by many factors; the key elements that we have identified which affect both our suppliers and our customers are detailed within this policy statement. In addition, we have further supporting policies which are referenced in this document.

Our procurement processes are designed to select and retain suppliers through a non-discriminatory bidding and tendering process. As a minimum, our procurement activity will comply with the relevant food safety and personal health and safety standards, codes of practice, Company regulations and standards in the countries in which we operate and will reflect our ongoing commitment to sustainable food procurement and corporate responsibility (CR).

Our aim is to establish mutually beneficial relationships with our suppliers. To help achieve this and to ensure our suppliers are clear on our requirements we use our Supplier Code. Agreement with this Code forms part of our purchasing terms and conditions for supply.

We work to identify and share best practice and knowledge and are members of various trade associations, work with a range of partner organisations, and are engaged in several forums with government departments, agencies and non-government organisations (NGOs).

Our commitment to upholding integrity includes having a process to address where this may not be happening either in our own operations or our supply chain. ‘Speak Up’ is a group-wide programme for Compass employees and suppliers to confidentially raise their concerns over actions or behaviour that they feel may be improper, unsafe, unethical or illegal.

Responsible sourcing

The scale of our business and our global supply chain means we are committed to maintaining a strong agenda on sourcing responsibly. We measure the success of our business not just in financial terms but also in terms of environmental and social goals; all elements add to the value of the company, its suppliers and employees.

Animal welfare

Compass recognises and understands concerns about the welfare of animals in our global supply chain. As a minimum, products derived from animals must comply with all applicable legislation relating to animal welfare in the country of production.

In addition, Compass endorses the Farm Animal Welfare Council (FAWC) Five Freedoms principles for animal welfare which are:

1. Freedom from hunger and thirst, *by ready access to water and a diet to maintain health and vigour.*
2. Freedom from discomfort, *by providing an appropriate environment.*
3. Freedom from pain, injury or disease, *by prevention or rapid diagnosis and treatment.*
4. Freedom to express normal patterns of behaviour, *by providing sufficient space, proper facilities and appropriate company of the animal's own kind.*
5. Freedom from fear and distress, by ensuring conditions and treatment, which avoid mental suffering.

To facilitate compliance to this within our global supply chain, our expectations and requirements are explained both in our Supplier Code and local Sourcing Standards. Our teams are trained in these and support our suppliers to manage these requirements back in their supply chains to farms.

As part of our commitment to improving animal welfare throughout our global supply chain, we are collaborating with partners such as Compassion in World Farming, Humane Society International and The Humane League to establish a framework against which we can continually improve our approach to animal welfare.

The following are our global core animal welfare expectations:

- ***We believe that close confinement for farm animals should be avoided.***

  For pigs, we are working to understand the use of gestation crates and nursing crates within our pork supply chain to identify how we can reduce and eliminate the use of these across our business.

  In our US business, we have committed to phase out the use of gestation crates and are currently working to establish timelines elsewhere across our business.

  In our UK & Ireland business, when procuring imported veal, we source 100% Rose or Pink veal from group systems.

- ***We believe that farm animals should be provided with adequate environmental enrichment.***

- ***We are committed to ensuring that genetically modified or cloned animals or their progeny are not used in our global supply chain.***

- ***We believe that the use of growth promoting substances must be avoided.***

  Our suppliers are required to fully comply with all applicable legislation that prohibits the use of growth promoting substances. We are committed to the avoidance of their use globally and will work closely with our suppliers to phase them out.

- ***We believe that the routine prophylactic use of antibiotics must be avoided.***

  Whilst antibiotics are an important element of human and animal medicine our approach is to encourage our producers to optimise welfare, health, hygiene, husbandry and biosecurity of animals. This helps to avoid the use of antibiotic (prophylactic or reactive) treatment unless the welfare of an animal is compromised.

- ***We recognise that current commercial production systems do not allow every animal to remain entire and intact but we believe that routine mutilation should be avoided.***

  We are working with our suppliers to evaluate the incidence of routine procedures such as tail docking, dehorning and beak trimming, with a view to eliminating their use.

  Where specific procedures are required, they must be carried out in a way that ensures that no pain or distress is caused to the animals concerned.

- ***We believe that animals should be humanely stunned prior to slaughter.***

  Compass also recognises the importance of diet within certain faith doctrines in a global marketplace. As such we aim to offer a range of products that will meet these needs and we are continually adapting our approach to address the concerns and needs of our consumers. Where specific sourcing requirements are required for religious diets we procure from suppliers holding the appropriate certifications that provide assurance that the product has been manufactured, imported and distributed in accordance with the appropriate requirements for the faith but does not compromise product safety, legality or quality.

- ***We recognise that the transportation of livestock is a necessary part of current production methods and that it can be a stressful experience for farm animals. For these reasons, we believe in keeping transport times to a minimum, ideally never more than 8 hours.***

  Our Procurement Directors and their teams in each of our businesses are accountable for implementing the animal welfare policies in our global supply chain.

Deforestation Risks

We recognise that deforestation has an impact not only on the habitat of indigenous species and people, but also on the longevity of the natural environment and in turn the securities of our food supply chain. There are four key commodities associated with deforestation within our global supply chain:

Palm oil

Palm oil is used in a wide variety of foods. Oil palms are highly efficient producers of high quality, versatile oils but they only grow in the tropics, where their cultivation can have negative impacts on the environment. Compass fully supports the work of the Roundtable on Sustainable Palm Oil (RSPO) and actively encourages our key suppliers to do likewise.

We have set out a commitment to achieve transparency on the palm oil that is used in our kitchens to prepare food, and move it to 100% certified sustainable palm oil from physical supply chains by 2022.

Soy

The use of soy as an animal feed or direct food stuff has a similar impact on deforestation as palm oil, the areas most affected being in South America. Compass is a member of the Round Table for Responsible Soy (RTRS) initiative and we have recently embarked on a project to understand our global 'soy footprint'. This intention is included in our Supplier Code.

Timber and pulp

By working through the 'remove, replace, recycle' hierarchy we are reducing the amount of virgin paper and board and increasing the recycled content across the range of timber and pulp products we use. Where available, we have switched to FSC certified paper for our office stationery and are committed to increasing the recycled content of the disposable paperware that we source.

Beef

We know that sourcing food products from the Amazon biome can impact on deforestation and desertification of the region. We are committed to preventing this and actively seek to reduce our sourcing of products such as soy or beef from this region.

Environment

As part of our sustainability programme, our Environmental Policy Statement defines the principles and ambitions we have, to ensure both our operations and our suppliers are acting to reduce our impact on the environment.

Marine conservation

Our approach to responsible and sustainable sourcing naturally extends to our fish and seafood supply chains. We recognise there is a real need to ensure our sourcing practices promote a thriving fish and seafood industry so that we can offer our clients a wide range of products at competitive prices.

All fish and seafood served by us shall be from sustainable sources, with no products being sourced which are listed on the Marine Conservation Society (MCS) 'Fish to Avoid' list, or other equivalent lists.

We request our suppliers to demonstrate compliance with this through keeping records of Total Allowable Catch (TAC) data, certification scheme certificates or scheme membership.

We are focused on increasing the amount of certified sustainable fish we serve each year and recognise the Marine Stewardship Council, Aquaculture Stewardship Council, GAA Best Aquaculture Practice, GlobalGAP and all other certification schemes benchmarked and recognised by the GSSI (Global Sustainable Seafood Initiative).

Human rights

Compass is committed to ensuring that all our dealings with suppliers, from the point of search and selection through to supply and payment, are conducted in accordance with our guiding principles of responsible and ethical trading.

We recognise the importance of maintaining both visibility and transparency within our supply chain to protect those that work within it from potential abuse and exploitation. We embrace the Ethical Trading Initiative (ETI) Base Code principles, and reflect these within our Code of Business Conduct and Supplier Code.

The Base Code principles are:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining is respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed

We will ensure compliance with these principles through a programme of training and communication throughout 2017 and beyond which includes: training all our buying teams to understand and integrate the principles of responsible sourcing into their core roles and communicating our Supplier Code to new suppliers across the business.

In addition to sharing our requirements we will focus on areas where human rights risks may exist within our supply chain. To achieve this, we are using SEDEX (Supplier Ethical Data Exchange) to gain better visibility of our supply chain and undertake a risk assessment which will inform a programme of visits and assessments. We will use the results from these to collaborate and engage with our suppliers to effect improvements.

Each year, we will also publish a Slavery & Human Trafficking statement on our corporate website, to update stakeholders on risks identified and any remedial actions taken.

Quality

To facilitate how we implement a common approach to supply chain risk management we have created the Compass Global Supply Chain Integrity (SCI) Standards, against which we measure and rank our businesses. These standards contain seven sections covering risk mapping, supplier mapping, product specifications, product surveillance, traceability and responsible sourcing. Each section gives detailed requirements for meeting bronze (good), silver (better) and gold (best) level. As a minimum all businesses in the Group meet bronze level.

Ensuring that the products we source meet the quality expected by our customers is a key element of our Supplier Assurance process. We aim to be clear about our requirements and include information about what is expected from a supplier to meet our requirements in this policy, our Supplier Code, Product Specifications, Contract Terms and Conditions and Sourcing Standards.

We use a vendor assurance and monitoring process which is a blend of self-assessment, physical visits and audits to ensure that we have the best assurance schemes in place for our clients and our business.

We support and accept the Global Food Safety Initiative (GFSI) certification programmes that have been benchmarked for safe food production as well as adopting specific higher welfare, provenance or trade schemes such as Red Tractor, Fairtrade or Soil Association. Where appropriate industry schemes do not exist, or we believe they may not protect our business or our clients, we will audit our suppliers against our own requirements.

Our supplier visit and audit programme is based on risk assessment covering product and supply chain risk, vulnerability and threat criteria with highest risk suppliers typically being visited each year by a representative for Compass. Lower risk suppliers are visited less frequently; however self-assessment and performance monitoring processes are in place for all risk profiles. This process ensures we know our suppliers and have visibility of their standards meaning we can protect our businesses.

Recent industry issues have highlighted the need to ensure that what we buy is what we get. We know our clients and consumers want a greater level of provenance and visibility on key product areas and recognise that our global supply chain is becoming more complex. Our traceability, speciation and testing programme for key products is focused on where there is a risk of fraudulent activity within the supply chain.

The recently refreshed Global SCI Standards now include additional requirements aimed at making our global supply chain more resilient to food fraud by introducing a requirement for greater visibility of the end-to-end supply chain through risk-based supplier mapping.

We want to build lasting and meaningful relationships with our suppliers and, whilst we usually work most closely with the last point in the supply chain before the product is delivered to a Compass business, increasingly we also work further up our supply chains to better manage integrity.

Our UK & Ireland business has partnered with a third party who provide mapping solutions for food supply chains.

This has enabled us to have greater visibility of our entire meat and poultry supply chain in all products, whether single ingredients or where meat or poultry is used as a component.

Elsewhere in our business, we are assessing and adopting various mapping technologies to improve the visibility of our food supply chain across key high-risk categories.

GM foods

We recognise that the use of genetically modified organisms or crops raises concerns for many of our clients and consumers and is not widely accepted. We prohibit the use of any GM or cloned animal (including progeny or descendants) products in food for direct human consumption. We do however recognise that crops commonly used for animal feed are heavily reliant on the use of GM modified crops to maintain supply. Therefore, within Europe, we only accept the use of GM modified crops in our animal feed supply chain, but not if the products are organic.

Organic foods

Our clients require a range of products within their offer and, as such, when required we will source organic products which have been certified. All suppliers must ensure, and demonstrate by third party verification, certificates and use of logos, that all organic produce or manufactured products supplied to us comply with the production, quality and traceability standards applicable in the local marketplace.

Health and Wellness

Compass recognises the impact that its supply of food can have on the health and nutrition of its consumers. We work closely with our clients, suppliers, governments and regulators across the world to take a lead role in responding to emerging public health issues associated with food and diet. In addition, we work with clients and national and international organisations to actively support specific health awareness campaigns.

In the UK business, as well as meeting governmental standards and the National Health Service dietetic requirements, we have developed our Health and Wellbeing Strategy. The strategy has defined several pledges which are grouped around the three pillars of Healthier Food, Healthier Lives and Healthier Futures. The Healthier Food pledges focus on increasing fruit and vegetable intake, and reducing calories, fat and salt from the meals we serve. Our pledges for Healthier Food are targeted for achievement by 2020 and the overall programme will support our clients to offer healthier options, educate their consumers and inform them on what is in the food we serve.

Within our US business our Menus of Change programme is focused around four key initiatives based around healthy, sustainable menus. These initiatives are: increasing access to vegetable and fruits through focusing on plant based cooking; encouraging meat to become a supporting role within the meal through reduction of meat portion sizes; increasing grain consumption; and promoting health and sustainability messages through menu planning and communication at point of choice.

To meet our nutritional and wellness targets, all the products we supply or ingredients we use will be purchased against an agreed specification that will outline ingredients,

nutritional data and allergen information. This means our nutritional teams can work with our culinary, product development and purchasing teams to create offers that combine menu planning, labelling and nutritional information, to deliver food choices that are safe, nutritious and balanced, and suit the lifestyle and tastes of our consumers. Our nutritional information will always be presented in line with industry and legislative requirements.

Reporting and Review

We are committed to being transparent with how we perform against our commitments. We recognise that our businesses and suppliers around the world are at different stages of development, or have different priorities based on their legislative or customer needs. As such we reflect realistic targets and timescales for delivery on the elements within this policy statement. We will report on our progress against the commitments defined in this policy and other related policies and programmes through our Annual Report, Sustainability Report and corporate website at: www.compass-group.com.

We continually monitor our industry to inform and ensure our ambitions and thinking are current. As part of this process we encourage feedback and input from stakeholders, clients, suppliers and other industry partners. Where updates are required, we will reflect these back into our global supply chain through annual review of this policy statement and its associated documents.



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