

December 2015

PURCHASING & SUPPLY CHAIN POLICY STATEMENT

Compass Group aims to act responsibly and professionally in all its commercial activities and in its relationships with its suppliers and customers. At all times we will act with integrity and aim to be fair, honest and open.

As a Group we purchase goods and services from a wide variety of suppliers, from large international organisations to specialist local suppliers, all over the world. This policy sets out certain minimum standards which we require our suppliers to meet, and these are clearly stated. We recognise that there will be suppliers, in some countries, that will find it harder to meet the exacting standards expected of large international corporations. In those cases, we will expect such suppliers to meet the requirements of the Compass Small/Medium Enterprise Audit and to demonstrate continuous improvement.

As a minimum, our procurement activity will comply with the relevant Food Safety and 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).

We will buy direct from growers, manufacturers or producers as well as wholesalers, to maintain a robust supply chain, ensuring traceability and due diligence. In 2011, we refreshed our global supplier assurance programme detailing minimum standards for our countries to adopt. This programme supports the assessment and evaluation of products, services and suppliers against strict criteria including safety, value, quality, operational requirements, environmental performance, ethical policy, specification, service level, ability to supply, responsiveness, customer focus and performance. These individual policy elements are set out in more detail below.

All suppliers will be selected and retained by a non-discriminatory bidding and tendering process. All of the elements cited in this policy will be reviewed regularly and consideration will be given to all feedback from suppliers and customers.

To ensure that this policy is implemented throughout Compass, and to drive a continual improvement in performance, this policy requires the support and action of all employees. Communication, training and consultation are therefore a key requirement at all levels.

We aim to identify and share best practice and knowledge where possible. In order to achieve this we are members of various Trade Associations, work with a range of partner organisations, and are engaged in a number of forums with Government Departments, Agencies and non-Government Organisations (NGOs).

This policy will be made available to all interested parties.

Policy Elements

CR & sustainability

Compass Group recognises that in all its operations it has a significant impact with its customers, suppliers and consumers. We have both a legal and moral responsibility to consider the social impacts of our activities, at all levels of the business, in particular our purchasing policies. We measure the success of our business not just in economic terms but also in terms of environmental and social aspects; all elements add to the value of the company and to its suppliers and employees.

We seek to ensure that best practice in CR principles, statements and metrics are incorporated in our business policies. We pay particular attention to ethical and sustainable sourcing, environmental impact and performance and our relationships with our suppliers and customers.

Our positive selection of suppliers will, where practicable, include a review of the suppliers' policy and actions in relation to good CR practices, via our detailed Supplier Evaluation Questionnaire on Corporate Responsibility. We expect our larger suppliers to meet a robust set of CR criteria and we encourage and assist the adoption of best practice amongst all suppliers.

CR objectives and performance will be reviewed annually by the Board.

The policy elements set out below further reflect our commitment to CR and sustainability.

Health & Food Safety & Quality

Compass Group is committed to ensuring that all products (food and non-food) provided to its customers and consumers are of consistent quality, safe and fit for purpose. As a minimum, our procurement activity will comply with the relevant Health and Safety standards, Codes of Practice, Company regulations and standards relevant to the countries in which we operate.

All prospective food and non-food suppliers will be assessed before being accepted; this involves the completion of our Supplier Evaluation Questionnaire which includes detailed questions on Health and Food Safety.

We will undertake a schedule of supplier auditing, prioritized according to the risk category into which suppliers are aligned. Audits will be carried out against the IFS (International Food Standard) / ISO 22000 Standards or recognised equivalent and will be performed by accredited in-house auditors or external organisations.

We will establish clear specifications for products against which products will be regularly assessed to ensure compliance.

We will establish comprehensive procedures to deal with all complaints and product recalls to ensure that all local technical teams are rapidly informed of product recalls and important food safety matters.

Ethical trading

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

We will act broadly in line with, but no less than, the Base Code of the Ethical Trading Initiative. The key elements of the Base Code 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.

Our ethical good practice is promoted by positive selection of suppliers demonstrating the good practice noted above, and by the encouragement of best practice amongst all suppliers. We will expect our suppliers to adopt a similar position with their supply base and to implement similar internal policies to those of Compass.

Fair Trade

Compass Group shares the concerns of its customers about the difficult conditions facing many growers in producing countries. We recognise that Fair Trade is one way, among others, of benefiting them.

We will work with our suppliers and customers to understand and meet the needs of consumers in each local marketplace. Where demand exists this includes sourcing of Fair Trade products, and in particular Fair Trade tea and coffee.

In addition to supporting Fair Trade we will encourage our main tea and coffee suppliers to work in partnership with growers, offering appropriate technical advice, training and assistance to relevant research projects designed to improve the quality, efficiency and productivity of their farms. This is also a sustainable way of improving the incomes and standard of living of the farmers in the long term.

We will continue to source from a variety of organisations to effectively meet the needs of our customers, and are willing to engage with new suppliers that can offer a consistent supply of ethically traded products, including Fair Trade and its alternatives.

National, regional and local supply

Compass Group is committed to supporting national production of fresh produce and meat, and manufactured food products entering its supply chain. Equally, the nature of our business means that we purchase a wide variety of goods, from a diverse range of suppliers all over the world, to our mutual benefit.

Subject to customer demand and availability we will seek to support national growers and suppliers by procuring seasonal fresh produce wherever possible. We will also seek to provide an expanding choice of 'Regional' and 'Local' foods, and for these to be made available in specific outlets.

We will ensure that, through the tendering process, nationally sourced goods are given fair consideration, subject only to legal constraint. Value for money, price competitiveness, quality and sector factors, will necessarily be part of these considerations.

We welcome approaches from Regional Food Groups or similar marketing/promotion bodies to seek access to the tender or procurement process for regional and local foods.

Assurance schemes

Compass Group aims to ensure that purchased supplies of specified meat and fish, all fresh produce, dairy and eggs meet required minimum production and quality standards. We require all suppliers to ensure, and demonstrate by third party verification provision of current and appropriate certificates (or bona fide copies), and by brand or assurance standard logos, that all such goods supplied to us meet or exceed all appropriate production or quality standards.

Meat

As a minimum:

- Meat must be reared, transported for slaughter, be slaughtered, and processed according to relevant legislation
- Meat entering the chain must be from licensed slaughter premises
- Carcass and packed meat must be traceable
- In respect of meat whose slaughter and preparation method is certified as Halal and/or Shechitah, the slaughter provisions must accord with those appropriate codes, and must include humane stunning of the animal prior to slaughter. (In some countries, this requirement may differ on religious grounds).

Fish

All fish and fish products supplied by us should be from sustainable sources. This principle applies to farmed fish, wild sea fish and shell fish. All suppliers must ensure, and demonstrate by such supporting evidence as Total Allowable Catch (TAC) data, certification scheme certificates or scheme membership, that all such goods supplied to us meet minimum standards.

Chicken eggs

Suppliers of fresh chicken eggs should meet appropriate standards for health and safety, traceability, shelf life and animal welfare. These should be aligned with those set out in the British Egg Industry Council's Lion Code.

Fresh Produce

We expect our suppliers to meet the relevant Codes of Practice applicable in their marketplace and generally strive towards best practice.

Milk

Milk must be produced in a safe, hygienic environment and meet the relevant Codes of Practice.

We will continue to monitor research and developments in the different assurance schemes available and evaluate their application to our supply chain. We will also assist our suppliers, in understanding and meeting such requirements.

Animal welfare

Compass Group is committed to animal welfare. We will work with animal welfare organizations, suppliers and clients to promote the use of farm assurance schemes that achieve best practices in animal welfare. We will do this by using up to date knowledge of animal welfare, ethics, scientific knowledge and legislation.

We specifically endorse the "Five Freedoms" concept:

- Freedom from hunger and thirst - access to fresh water and a diet for full health and vigour
- Freedom from discomfort - an appropriate environment with shelter and comfortable rest area
- Freedom from pain, injury and disease - prevention or rapid treatment
- Freedom to express normal behaviour - adequate space and facilities, company of the animal's own kind
- Freedom from fear and distress - conditions and treatment which avoid mental sufferings
- These are minimum standards which must be met by all suppliers in all countries.

We are further committed to achieving an integrated supply base to allow, wherever possible, whole-life traceability.

Religious diets

Compass Group aims to meet the needs of its customers and consumers with respect to specific diets and customary requirements. We will work with our customers to identify, and give due consideration to, requirements for specific religious diets and those associated with certain racial characteristics; we will aim to meet such needs where practicable.

All suppliers of specific products in this category must be able to provide suitable certification (as for Assurance Schemes) to demonstrate total traceability.

In particular due regard will be given to the following:

- Slaughter method and subsequent handling, processing and preparation methods, which in all cases must comply with our assurance standards for meat, including the requirement of stunning prior to slaughter
- Diets formulated for specific religious practices, rituals or events
- Provision of suitable vegetarian and vegan alternatives: to be of similar quality and nutritional value, to 'standard' meals/diets.

Organic foods

Compass Group aims to source organic alternatives to the key lines in relevant product categories wherever possible to meet customer demand. These include fruit and vegetables, meat and dairy, and certain manufactured items such as sandwiches, delicatessen products, drinks and snacks. We intend to increase the range and choice of available products and supplier input into developing the range is encouraged.

All suppliers must ensure, and demonstrate by third party verification, certificates and use of logos, that all organic produce or manufactured product supplied to us complies with the production, quality and traceability standards applicable in the local marketplace.

GM foods

Compass Group is aware of the concerns surrounding GM foods and ingredients. In those territories (such as the EU) where significant consumer concerns exist we may choose to avoid the use of such foods. In such cases we will work closely with our suppliers to ensure that they avoid the use of GM foods and ingredients. In the unlikely event that no realistic alternatives to GM foods or ingredients are available, we will advise our customers accordingly.

We will continue to closely monitor the scientific and consumer debate surrounding GM foods and revise this policy as appropriate.

Environment

Compass Group recognises that it has an impact on the environment when operating its business. It is therefore our aim to reduce the negative environmental impacts caused by our business and operate in a responsible and sustainable manner. We are committed to the Compass Group Environmental Policy and the achievement of continual improvement in environmental performance.

With reference to procurement our policy is to:

- Comply with all relevant, current environmental legislation and codes of good practice affecting our business and be prepared to meet impending legislative requirements wherever practicable
- Reduce the environmental impact of our operations through the specification and selection of suitable products and packaging
- Assess suppliers' environmental practices before their appointment including, where practicable, their completion of our detailed Supplier Evaluation Questionnaire on the Environment
- Ensure that all suppliers are able to demonstrate environmental awareness through the implementation of their own policy and, as a minimum, comply with all relevant legislative requirements.

Wellness and Nutrition

Compass Group recognises the impact that its supply of food can have on the health and nutrition of its consumers, particularly persons in education, hospitals and other institutions. We strive to set high standards in 'healthier eating' and will consider thoroughly aspects of diet, nutrition and lifestyle in our policy-making and procurement strategy.

We will:

- Continue to source healthier options, such as low salt and low fat alternatives where appropriate, and to provide guidance on this to support our suppliers
- Ensure that nutrition based claims such as 'low salt' meet all legislative requirements
- Ensure product specifications include a full nutritional breakdown
- Provide nutritional information where available, and appropriate, and follow industry guidelines on the presentation of such information
- Seek to engage with key decision and policy makers and national authorities regarding new initiatives in healthy eating and comply with all legislative requirements.

We will report in December of each year on our progress.



Richard Cousins
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Compass Group PLC