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2024

Animal Welfare Progress Report

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www.compass-group.com/en/sustainability/planet/responsible-sourcing/animal-welfare

INTRODUCTION

Animals are sentient beings with feelings, emotions, perceptions – and the ability to suffer and experience states of wellbeing. Animal welfare is more than just physical health. Good welfare includes physical wellbeing, mental wellbeing, and natural behaviours.

That’s why at Compass Group we support the Five Freedoms. The welfare of an animal includes its physical and mental states, how it is coping with its environment, and involves human experiences and ethics evaluating animal welfare through observation and interpretation of an animal’s behaviour and health status. The Five Freedoms are used as the basis in writing animal care protocols and expectations for many professional groups, including veterinarians. They have been adopted by representative groups internationally including the World Organization for Animal Health and the Royal Society for the Prevention of Cruelty to Animals. Most of the animal welfare audits developed for implementation on farms and in processing facilities are based on the Five Freedoms.

In addition, Compass’ welfare standards have started incorporating the principles of the Five Domains, which provide a means of evaluating the welfare of an individual or group of animals in a particular situation, with a strong focus on mental wellbeing and positive experiences.

Table 1 Five Freedoms and Five Domains

<u>FIVE FREEDOMS</u>	<u>FIVE DOMAINS</u>
1. From hunger and thirst	1. Provide good nutrition
2. From discomfort	2. Provide good environment
3. From pain, injury and disease	3. Deliver good physical health
4. To express normal behaviour	4. Allow behavioural interactions
5. From fear and distress	5. Facilitate a good mental state/experiences

As a Group, we operate on a decentralised basis, enabling us to get closer to our supply chains through locally led procurement and sourcing. This document comprises the progress and achievements that each of our local country teams made in 2023, and the best practice that is being shared and scaled across our global business.

GOVERNANCE

We continue to make positive progress on our farm animal welfare commitments. To oversee management and compliance across our global supply chains, responsibility for animal welfare falls under our Group Chief Commercial Officer and is also reviewed by the Corporate Responsibility Committee of our Board.

OUR FOCUS

Continuous improvement across our supply chain is essential. We understand the role we need to play as buyers to regularly review and update our procedures, adopt new technologies, and stay informed about advancements in animal welfare science, as well as encouraging other stakeholders to do the same.

Whilst centring our strategy around the five freedoms and the five domains, our procurement teams are working closely with our supply chain partners on the following key focus areas:

<u>DISCOURAGE</u>	<u>PROMOTE</u>
Close confinement	Species-specific enrichment
Routine mutilations and other inhumane practices	
Routine antibiotic use	Humane slaughter
Long and inadequate transport	

Examples: Antibiotics that have been determined by the Australian Strategic and Technical Advisory Group on AMR (ASTAG) as highly important, or by the World Health Organisation (WHO) as critically important for use in human medicine, are either never used or NOT used routinely in meat chicken production in Australia. Only antibiotics approved by Australia’s regulatory authorities are used, and if used, they must be administered in accordance with strict guidelines so that they do not leave residues.

In California, we committed to veal calves, breeding pigs, and egg-laying hens to be housed in systems that comply with specific standards for freedom of movement, cage-free design, and specified minimum floor space. In Massachusetts, we committed to prohibit any farm owner or operator from knowingly confining any breeding pig, calf raised for veal, or egg-laying hen in a way that prevents the animal from lying down, standing up, fully extending its limbs, or turning around freely. These actions comply with the recent state laws (California Proposition 12 and 2016 Massachusetts question 3 Act respectively). We identified a supplier and got to work on developing a product line that met the requirements to ensure we were prepared for conversion prior to the implementation date. Also, a number of our sectors have converted to these products nationwide across the US.

Also in the US, Compass requires our poultry suppliers to strictly adhere to our antibiotic policy which prohibits the use of compounds approved for use in human medicine and are administered for improved feed efficiency, increased rate of weight gain, or similar growth promotion purposes.

In France, by law, the killing of day-old male chicks has been forbidden from the 1st of January of 2023.

OUR ANIMAL WELFARE STRATEGY

Our strategy covers all animal products purchased across our global supply chains, including but not limited to: eggs, meat, dairy and farmed fish. Our policies extend to all markets, countries, and sectors.

We structure our strategy around five key areas, to proactively drive change:

(1) IN-HOUSE TRAINING	(2) SUPPLY CHAIN ENGAGEMENT	(3) PARTNERSHIPS & ADVOCACY	(4) TRANSPARENCY & COMMUNICATION	(5) PLANT- CENTRIC
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(1) IN-HOUSE TRAINING

Educating our teams on the significance of animal welfare within our operations, including but not limited to sustainability, procurement, and culinary colleagues.

Through comprehensive training we equip our teams with the right learnings to allow them to prioritise ethical practices that align with our culture and values.

Example:

At a Group level, we have launched a series of animal welfare training sessions. The first of these sessions were held in November 2023 with our Europe and Middle East (EME) region. Our teams were empowered and encouraged to share their learnings with their suppliers.

(2) SUPPLY CHAIN ENGAGEMENT

It is essential for the effective implementation of our animal welfare strategy that we work closely with our suppliers. By actively engaging with suppliers and stakeholders, we can ensure that welfare standards are understood and upheld throughout our global supply chain. This includes sharing and discussing these standards with clients and suppliers, and fostering an environment of education, knowledge exchange, and best practices.

All suppliers globally are required to sign up to the Compass Supplier Code of Conduct and expected to comply, with all applicable laws, regulations and specifications relevant to products or services including in relation to animal welfare. Our procurement teams have regular discussions with our suppliers about our animal welfare standards and objectives. Where we see positive changes, we look to share this best practice across the wider Group. But we also work with suppliers to put in place corrective actions where practices and progress has not met our expectations. In the event of unsatisfactory progress against our targets or agreed corrective actions, or non-compliance with the Supplier Code of Conduct, Compass may refuse to work with or take steps to terminate an agreement with any supplier.

Examples:

*Our UK&I business published an [Antibiotics Reduction Policy](#) and held their first supplier workshop on the topic in March 2023 with involvement from *Alliance to Save our Antibiotics*. The policy sets out their ambition, and approach, to completely ban prophylactic antibiotic use.*

In France, our procurement team outlines the welfare requirements of all species in procurement tenders. They also conduct regular supplier visits to understand challenges and how Compass can support suppliers to overcome them.

In the UK, animal welfare standards are outlined as part of our tender process. All contracts with suppliers for beef, lamb and pork, contain essential and desirable contractual metrics.

Suppliers of our meat and poultry category in Australia have signed a letter agreeing to the Five Freedoms of Animal Welfare.

In the US, there is a strong level of awareness and focus on our animal welfare initiatives through category planning processes and sourcing projects, e.g., the poultry category team works continuously to identifying creative ways to expand chicken welfare in our supply chain. We have also surveyed current and potential suppliers on their current and future plans for integrating initiatives that align with the Better Chicken Commitment. The aim is to not only improve our progress but move the industry forward.

(3) PARTNERSHIPS & ADVOCACY

Collaboration is at the core of our commitment to animal welfare. By working closely with industry stakeholders, animal welfare organisations, and industry experts, as well as forming innovative partnerships with other businesses, we strive to exchange knowledge, share best practices, and maximise our collective efforts to make a meaningful difference.

We are working closely with our suppliers, partners, industry bodies and leading animal welfare organisations across the globe – including Compassion in World Farming, Global Food Partners, and Humane Society International – to continually research, develop and enhance our animal welfare standards and approach.

To drive positive change and promote animal welfare, we are engaging with supply chain actors, NGOs and policymakers, where we can influence the development and implementation of laws and regulations that protect animal rights.

Example:

As a founding member of The Global Animal Welfare Coalition for Animal Welfare (GCAW), we are working pre-competitively with other leading international food companies. Together, we have an opportunity to collectively address systemic barriers to change, share best practices and accelerate progress on key animal welfare issues at a faster pace than would otherwise be possible. We also understand that we can leverage our position to connect and influence key players in the value chain to drive structural change.

To help deliver our cage-free egg commitment, we worked with Global Food Partners, who helped us establish roadmaps in our Asian business.

In our Europe and Middle East region, we facilitated a meeting between a broiler growers association in a Nordic country and one of the NGOs that initiated the Better Chicken Commitment (BCC) standards. We played a coordinating role to open the channels of communication and facilitate information and knowledge sharing to find ways of driving progress.

In the US, we are members of the Compassion in World Farming working group for broiler welfare, helping to create industry-wide actions on the issue. We also attended key industry meetings throughout 2023 and early 2024, such as: Mercy for Animal's first Trans-farmation event: Foster and Gather, the Perdue Animal Care Summit, and GCAW All Members Meeting.

(4) TRANSPARENCY & COMMUNICATION

We see transparency as a crucial step to building trust. By openly communicating our efforts and achievements, we can nurture trust and enable stakeholders to understand the impact of our actions.

By leveraging a range of communications channels available to us, we can effectively communicate with clients and consumers, educating them about animal welfare issues and the steps we are taking. This increased awareness can lead to better informed consumer choices and support for ethical practices.

Example:

Compass' transparency and progress was very positively highlighted in Mercy for Animal's international cage-free equity index 2023.

In the US, our businesses use consumer facing print and digital materials that help educate and guide consumers on our higher welfare policies. Materials include promotion of cage-free eggs, reduced antibiotic poultry, no antibiotics, and their annual celebration of National Seafood Month. In addition to our front of house marketing campaigns, we also ensure that our chefs are knowledgeable about the products that they're purchasing. All items that meet our sustainability policies are labelled in our ordering system so that chefs can easily identify animal proteins that are higher welfare.

In Australia, social and digital media, posters, table talkers and bulletins are also used to educate our consumers and clients on animal welfare standards.

(5) PLANT-CENTRIC

Globally we are encouraging consumers to adopt more plant-forward diets. Consumer demand for plant-based meals is on the rise and we continue to expand our offer of healthy, plant-based menu items across all sectors and locations. We are also engaging and educating consumers to make positive choices, as well as nudging behavioural change through choice design techniques.

We've established Compass' Global Culinary Forum, a group of senior chef leaders from across our business who meet regularly to share experiences and drive forward our strategic approach in some important areas, including plant-forward meals and the reduction of food waste. Our Global Culinary Council regularly present their findings and progress to the Group Executive Committee and Board.

Examples:

In Denmark, we have increased our focus on reducing beef in the education sector, where we have introduced "No more beef in the canteens" at several educational institutions. As a part of reducing animal-sourced foods we have established a pilot project in 2023 to gain new insights to drive the popularity of plant-based meals.

In the UK, as part of our 'Climate Promise', we have committed to a 25% reduction in animal proteins by 2025 and 40% reductions by 2030. This commitment received a gold level Planet Friendly Award from Compassion in World Farming in 2022.

In Canada, we promote plant-based dining through marketing campaigns, our Plantiful brand, and supporting our clients with commitments to increasing plant-based meals through programs such as Cool Foods Pledge, or HIS Forward Food commitments.

In France across all our education business, at least one meal per week must be vegetarian. Our local sustainability programme, 'LE PACTE restaurons demain', promotes sustainable meals through the reduction of our carbon footprint. As part of this programme, we train our chefs in plant-based cooking techniques, measure the carbon footprint of our menus and work to redesign menus to be more sustainable.

In the US., we always ensure that guests who identify with a particular diet or way of eating, whether it's vegan, vegetarian, or other, have plenty of options. We've launched a culinary training programme called 'RePlant Your Menu' that focuses on the intersection between food and climate and encourages chefs to put more plants on the plate. Cafes across the country are reducing the amount of beef they serve and adding in more recipes that contain fruits, vegetables, legumes and whole grains through Meatless Monday programs and other similar campaigns. Our B&I business introduced a new blended beef and mushroom burger. Street Eats: Plant Forward edition is a new program that celebrates popular street food styles and trends with plants at the centre of the plate. Chartwells Higher Education unveiled Planet Eats, a first of its kind climate friendly and plant based residential dining experience where students can learn about the environmental impacts of their food and enjoy low-carbon meals.

CURRENT PROGRESS UPDATE



CHICKENS
(Laying hens and broilers)



PIGS
(Sows and meat pigs)



CATTLE
(Dairy and beef)



FISH



CHICKENS

LAYING HENS:

- Compass Group is committed to only sourcing cage free shell and liquid eggs in our kitchens globally by 2025. In 2023, we continued to make significant progress towards our commitment with 78% of our liquid eggs and 31% of our shell eggs being cage free. See a full regional breakdown in Tables 2 and 3.
- In the US, in 2023 our progress was negatively impacted by the prolonged avian influenza outbreak that affected the entire industry and even prompted primary suppliers to shut down. Supply from our cage free shell egg supplier was severely impacted and caused shortages on the East Coast and Central US We are working hard to overcome these industry obstacles and are confident we will meet our commitment.
- In Europe we made significant strides. Denmark, Germany, Netherlands, Sweden and Switzerland have now met 100% cage free for both liquid and shell eggs as well as UK and Luxemburg (who are both between 99-100%).
- In Turkey we made significant progress by partnering with a retailer to put in place a co-buying agreement.
- In our Asia Pacific (APAC) region, we continue to work closely with our suppliers to build capacity. We have also been exploring co-buying and collaboration opportunities with other global and regional companies. By joining forces, we can leverage collective buying power to increase the availability of cage-free eggs in our markets.
- To meet our target of transitioning to cage-free eggs by the end of 2025, we are currently prioritising physical supply. In areas where we are experiencing availability challenges, we plan to use egg credits as an alternative.

Table 2. Shell egg progress and roadmap breakdown

SHELL EGGS	PROGRESS			ROADMAPS		
	2020/21	2021/22	2022/23	2023/24	2024/25	End 25
North America	77%	73%	63%	95%	100%	100%
Europe & Middle East	17%	30%	41%	80%	100%	100%
UK & Ireland	44%	85%	99%	100%	100%	100%
Europe	54%	56%	74%	80%	100%	100%
Middle East & Türkiye	>5%	>5%	>5%	40%	85%	100%
Asia Pacific	9%	14%	15%	30%	75%	100%
Latin America	>5%	>5%	>5%	WIP*	WIP*	100%

*Work In Progress

Table 3. Liquid egg progress and roadmap breakdown

LIQUID EGGS	PROGRESS			ROADMAPS		
	2020/21	2021/22	2022/23	2023/24	2024/25	End 25
North America	39%	83%	86%	95%	100%	100%
Europe & Middle East	19%	24%	47%	65%	95%	100%
UK & Ireland	27%	49%	100%	100%	100%	100%
Europe	20%	25%	66%	65%	100%	100%
Middle East & Türkiye	>5%	>5%	>5%	40%	85%	100%
Asia Pacific	>5%	15%	29%	45%	80%	100%
Latin America	>5%	>5%	>5%	WIP*	WIP*	100%

*Work In Progress

Broiler chickens:

- In our UK business, 44% of chicken supply in 2023 met the enhanced environmental standard relating to perch space as outlined in the Better Chicken Commitment (BCC).
- In our US business:
 - We have committed to source chicken from operations that meet the BCC standards. We are also part of Compassion in World Farming's "Working Group for Broilers" to create industry-wide actions on the issue.
 - We are 93% compliant on the litter requirements stipulated in the BCC standards.
- In our Australian business:
 - 99% of the chicken we bought was from lower stocking densities. The RSPCA approved standard is 28-34Kg/m² depending on shed ventilation type.
 - 92% of the chicken we bought met higher welfare measures vs conventional farmed chicken *i.e.* RSPCA approved farming scheme or free range.
 - 100% of the chicken we bought were free from beak trimming.
- In Europe our teams are working with our suppliers and industry players to drive the supply of BCC compliant chickens. We have conducted detailed work to understand the viability of each of the BCC elements to make progress where possible.
 - In France over 90% of chickens met part of the BCC requirements. There are more challenges and slower progress for enrichment, stunning and especially introducing slow growing breeds.
 - In Switzerland 76% of the chicken we sourced was BCC compliant.
 - On areas of the BCC criteria where we are experiencing industry pushback on the BCC standards, we have been proactive and facilitated constructive discussions between NGOs and industry level actors to find common ground and debate differences.
- In Europe:
 - In Switzerland, all poultry production from Swiss sources have raised seating areas and controlled access to a conservatory, which makes up at least 20% of the barn area. The animals are reared according to the strict guidelines of the Regular Outdoor Exercise program standards ("RAUS") animal husbandry concept. The voluntary federal programme provides contributions to support the additional costs of allowing animals to roam regularly. Chickens are only allowed to be transported a maximum of 8 hours and the stocking density is 30Kg/m².
 - In Switzerland and the Netherlands beak docking is not permitted.
 - In Poland we work with suppliers who comply with the principles set out in Council Directive 2007/43/EC of 28 June 2007 on the establishment of minimum rules for the protection of chickens kept for meat production.

 **PIGS**

- In the UK, our pork was either sourced from the UK where stalls are banned (32%) or from the EU where sow stalls are only used for a maximum of 4 weeks post service (68%).
- Our US business will transition to higher welfare pork, at a minimum, group housed pork (pigs crated 5-7 days) by Summer 2024. Their priority is to source gestation crate free pork. 100% of the bacon and ham served in our cafes in the US is higher welfare.
- In Europe:
 - 100% of livestock is transported within a maximum eight-hour live journey time across all operating countries.
 - There is 100% pre-slaughter stunning in UK, Belgium, France, Italy, Norway, Sweden, Spain, and Portugal.
 - 100% of the livestock sourced is free from tail docking in Belgium, Finland, France, Germany, Norway, and Sweden.
 - 100% of pork in Sweden meets the UHM demands, a Swedish national agency for public procurement.
 - In Italy, last year, a key supplier of pork won the Good Pig Prize by Compassion in World Farming for its free from tail docking practices.

 **CATTLE**

- In the UK during 2023, 100% of fresh milk sourced was certified to Red Tractor standards. The Red Tractor is the UK's largest food and farming scheme, each sector has specific standards. Dairy standard cover areas such as milking daily, safe, comfortable, and hygienic housing, transportation welfare and much more.
- During 2022, our US businesses purchased more than 37 million pounds of proteins that were Humane Farm Animal Care certified.
- In Australia and New Zealand, tethering is not permitted and is not evident as producers use fenced pasture systems. Australian dairy standards do not support tail docking.
- In Europe:
 - In Denmark 70% of all dairy products were organic.
 - 100% of livestock is transported within a maximum eight-hour live journey time across all operating countries.
 - 100% of the livestock sourced, including dairy cows, is free from tail docking in Belgium, Finland, France, Germany, Italy, Norway, and Sweden.
 - 100% of milk is sourced from cows free from tethering in Belgium, Finland, Italy, Norway, Sweden, and the UK.
 - In Switzerland, as a long-standing partner of the "Suckler Cow Switzerland" association, our main meat supplier in Switzerland is committed to suckler cow husbandry and is committed to animal-friendly and high-quality products. Rearing in the suckler cow herd is the natural form of husbandry that optimises animal welfare. After birth, the calf remains with its mother and is fed mainly on mother's milk - later it is fed on grass and hay. Grazing cattle spend at least six hours a day on the pasture from March to October. In winter, the herd remains in the barn with a spacious outdoor area and littered lying area.



FISH

- 53% of fish and seafood sourced was sustainable.
- We are members of the Global Sustainable Seafood Initiative (GSSI).
- In the UK, from the 1 January 2024, prawns and shrimp will not be sourced from females that have suffered eye ablation.
- In Denmark:
 - We have joined the [alliance to support sustainability within fisheries and aquaculture](#). The alliance is a committed partnership with a shared vision, aiming to work towards sustainable production, biodiversity, jobs, and animal welfare to ensure a “blue diet” for future generations. This purpose aligns with United Nations Sustainable Development Goal 14.
 - 80% of the salmon sourced was free from the practice of fasting for 72 hours before slaughter and 87% were stunned using either the stun chilling or percussive methods.

*Whilst all reasonable care has been taken to ensure that the information contained within this report is accurate and up to date, the information is not comprehensive and has not been independently verified. See our terms and conditions for more information: www.compass-group.com/en/site-services/terms