Compass Group 2023 Sustainability Reporting Methodology

Scope 3

Compass Group reports GHG emissions Scope 3 carbon footprint in line with our financial year (1 October – 30 September).

Boundaries and Methodology

The majority of Compass Group's GHG emissions are Scope 3 and originate in our supply chain, for which we are indirectly responsible. We currently report categories 1, 2, 3, 4, 5, 6, 7, 11, 12 and 15 within the GHG Protocol definition of Scope 3. For excluded categories 8, 9, 10, 13 and 14 we have provided an explanation for why we do not report these categories.

Compass defines the organisational boundary for its GHG inventory using the operational control approach. Compass accounts for 100% of the GHG emissions arising from operations over which it has authority to introduce and implement its operating policies.

We report total Scope 3 emissions for Compass Group. Since the baseline setting, we have been working to improve our methodology for measuring emissions and enhance the quality of our supply chain (Scope 3) data as explained further in the "Energy and Greenhouse Gas Emissions" section of the Data Hub on our website. As differing methodologies have been used for the 2019 data compared to the 2022 and 2023 data, the categories 3.1, 3.8, 3.11 and total scope 3 emissions for these periods are not directly comparable. Compass will review whether the reported 2019 baseline remains appropriate for future reporting cycles.

Currently, data is collected from four of our largest markets (the US, UK & Ireland (UKI), France and Australia) which represented 79% of our global revenue in 2023. An extrapolation of Scope 3 emissions is then performed across the rest of the Group, using revenue as the scaling factor. Revenue is considered the most complete metric for extrapolation, though we acknowledge the estimation uncertainty and recognise the figure could vary if actual data were available.

Where the calculation method is consistent across the four markets, we provide a general overview of the method followed. Where there are country-specific nuances in the methodology, these are detailed under each category in the table below. Given Compass Group's decentralised business model, calculation methodology may differ across countries due to differences in local service providers and data availability in different countries.

This document only explains the methodology applied in determining Compass Group's 2023 scope 3 emissions.

Category		Emissions Calculation Methodology	Explanation of Methodology
3.1	Purchased goods and services	Average-data method, spend-based method	Purchased Goods and Services (PGS) are Compass Group's most significant source of Scope 3 emissions. Purchases of food makes up the largest portion of PGS. All spend data is extracted from procurement systems across all four markets at year end (between December 2023 – April 2024) and input into Scope 3 calculations model. Certain categories of spend data are excluded from the Scope 3 calculation, including employee payroll, taxes and charity donations, which are not relevant for this calculation. Spend is also excluded from 3.1 where it can be easily split out and accounted for in a more relevant Scope 3 category (e.g. capital goods are accounted for in 3.2 and identifiable travel spend are accounted for in 3.6). Spend (monetary) data is available for all PGS data. A spend-based method is be used when mass data is not available (see below for further details). Spend amount is multiplied by EEIO emissions factors (sources below) to calculate tCO_2e. US, UKI and Australia: US EPA EEIO factors are used in the spend-based method and are adjusted for spend in the UK and Australia by incorporating purchaser price parity, inflation, and other necessary extensions in order to make them appropriate for use in other markets. France: EEIO emissions factors from the French Agency for Ecological Transition (ADEME) are used. For some food categories, mass data (that has been provided by suppliers for certain products) is available in the procurement data. Where mass values for purchased food is available for more than 50% of the total spend on a food

			category, mass is used to calculate emissions (average-data method). An extrapolation is performed to estimate the total mass for each food category based on the average relationship between mass and spend. Total mass for each food category is then multiplied by emissions factors to calculate tCO_2e. US, UKI, and Australia: Emissions factors for average-data method have been developed using cradle-to-gate LCA models based on peer-reviewed literature for system inputs and outputs and government or intergovernmental sources (e.g. IPCC) for impact assessment methodology and conversion factors. France: Emissions factors from Agribalyse are used (a lifecycle inventory database for agricultural and food products).
3.1	Forest, Land, and Agriculture (FLAG)	Average-data method, spend-based method	Forest, Land, and Agriculture (FLAG) emissions are a subset of purchased goods and services emissions and separated into emissions from Land Management (CO2), Land Management (non-CO2), Removals, and Land Use Change. Land Use Change is not included in baseline emissions and therefore not included in Scope 3 emissions, but is included in FLAG emissions. Activity data (mass and spend) and emissions factors for Land Management (CO2), Land Management (non-CO2) and Removals are the same as for purchased goods and services (above). US, UKI, and Australia: Land Use Change is calculated with country of origin data from the same procurement systems where available and using a weighted average Land Use Change value across all countries where not available. Statistical LUC data is derived from FAOSTAT land use and land cover information referencing GHG Protocol and IPCC guidance pertaining to biomass carbon, soil carbon, and litter carbon. France: Emissions factors from Agribalyse are used and do not offer the data granularity to separate the four categories of FLAG emissions.
	Non-FLAG	See other sections	All Scope 3 emissions that are not classified as FLAG emissions are classified as Non-FLAG emissions. US, UKI, and Australia: Non-FLAG emissions are calculated by subtracting total land management and removals emissions from total Scope 3 emissions. France: Non-FLAG emissions are calculated by subtracting total land management, removals, and land use change emissions from total Scope 3 emissions.

3.2	Capital goods	Average spend-based method	Category 3.2 emissions are calculated using the same spend data extracted from procurement systems and spend-based methodology as outlined for category 3.1, with the same sources of emissions factors. Capital goods are defined as per Compass Group's financial reporting and include leasehold improvements, vehicles, kitchen, office, and technology equipment.
3.3	Fuel and energy related activities	Average-data method	Energy consumption activity data for Scope 1 and 2 emissions is collected using Compass Group's sustainability software system. Country specific emissions factors are then applied to the activity data for well to tank (WTT) emissions of purchased fuels and purchased electricity, and transmission and distribution (T&D) losses from purchased electricity. Emissions factors are sourced from the US Environmental Protection Agency (EPA), US Life Cycle Inventory (LCI), and US Department of Energy Greenhouse gases, Regulated Emissions, and Energy use in Technologies (US DOE GREET) for the US, UK Department of Environment Food and Rural Affairs (DEFRA) for the UK, Australia's National Greenhouse Accounts for Australia, and ADEME (French Agency for Ecological Transition) for France.
3.4	Upstream transportation and distribution	Spend-based method	US, AUS, and UKI: Category 3.4 emissions are calculated using the same spend data extracted from procurement systems as outlined for category 3.1 If transportation and distribution expenditure can be identified in the spend data (e.g. spend is categorised as freight as it is purchased separately from goods), associated emissions are accounted for in this category (3.4). Where transportation and distribution data cannot be split out from other categories of spend, it remains to be accounted for in category 3.1. France: An emission factor supplied by our distribution partner is applied to mass-based data for purchased goods and services.

3.5	Waste generated in operations	Average-data method	Category 3.5 includes solid waste only (e.g. food waste generated in client kitchens). Wastewater is accounted for in 3.1 as such spend cannot be easily separated. US and Australia: Where actual waste data is available at sites, an average food waste rate is calculated based on waste per $ of revenue from food/catering sites and extrapolated based on revenue across all sites in that country. Waste is then converted to emissions using emission factors from US EPA, which account for the disposal and treatment of waste generated in operations. UKI: Food waste is estimated based on total purchased food and estimated food waste rates from Waste and Resources Action Program (WRAP) - a climate action NGO) presenting industry average data in the UK. Food waste data is then converted to emissions using emission factors from DEFRA. France: Food waste emissions are calculated based on the number of meals served, multiplied by an average food waste per cover figure from ADEME. This is then converted to emissions by applying ADEME emissions factors.

3.6	Business travel	Distance-based method, Spend-based method	Business travel is calculated based on a hybrid approach. Where mileage/distance data is available, the distance-based method is used. Where mileage/distance data is not available, a spend-based method is used. US: Distance based method used for flights only. Data is extracted from Compass' US flight booking system. Domestic (US) and international flight distances are then multiped by emission factors from the Oak Ridge National Laboratory Transportation Energy Data Book (ORNL TEDB) and International Civil Aviation Organization (ICAO) respectively. Spend based method is used for all other business travel and hotel stays (the same method of data extraction from procurement systems and application of emissions factors as outlined in 3.1). Australia: Distance based method used for flights and rental cars. For flights data is extracted from Compass' Australia flight booking system and for rental cars, data is provided from the third-party booking provider. Domestic (Australia) and international flight distances are then multiped by emission factors from ORNL TEDB and IACO respectively. Spend based method is used for all other business travel and hotel stays (the same method of data extraction from procurement systems and application of emissions factors as outlined in 3.1). UKI: The distance-based method is used for all air, road, and rail travel data. Data is extracted from Compass UKI travel management system and multiplied by emission factors from DEFRA to calculate emissions. For hotel stays, the number of nights booked is multiplied by emissions factors from DEFRA. France: The distance-based method is used for all business travel data. Data is extracted from Compass France travel management system using kg CO2e provided by the travel agency. Please note that France does not include emissions from cars or hotels in 3.6. All cars in France are company owned cars and therefore associated emissions are accounted for in Scope 1. Hotel emissions are included in 3.1 as such spend cannot be easily identified from procurement data.

3.7	Employee commuting	Average-data method	Emissions for employee commuting are calculated based on the number of part-time and full-time employees in each country multiplied by country average commuting statistics and country specific emissions factor. Employee data is extracted from Compass Group's internal HR databases. US, UKI and Australia: Country average commuting statistics are sourced from US National Statistics (US), Department for Transport (UK) and Australia Bureau of Statistics (Australia). These take into account national average commute frequency, distances travelled and the mode of transport. Emissions factors used are from the ORNL TEDB and GREET model (for US and Australia) and DEFRA (for UK). France: Country average commuting statistics are sourced from the French National Institute of Statistics and Economic Studies (INSEE) and emissions factors are from ADEME.
3.8	Upstream leased assets	N/A	Compass Group does not lease upstream assets. Therefore, there are no emissions associated with this category.
3.9	Downstream transportation and distribution	N/A	Compass Group services are provided on site, with no further downstream distribution. Therefore, there are no emissions associated with this category.
3.10	Processing of sold products	N/A	Compass Group products (food services) are provided on site and not further processed. Therefore, there are no emissions associated with this category.

3.11	Use of sold products	Average-data method	Category 3.11 represents emissions from the consumption of electricity and gas in client/commercial kitchens used by Compass. As explained below, revenue is an input to the average-data method used to calculate category 3.11. Revenue from owned sites is excluded (as energy usage from these sites is included in Scope 1 and 2). Revenue from operations, such as vending and facilities maintenance, are excluded. These exclusions are in keeping with the GHG protocol guidance that the inclusion of indirect use-phase emissions is optional. UKI, US, Australia: Emissions are calculated by multiplying estimated energy consumed per GBP revenue and applying country specific emission factors. Energy consumed is estimated based on an academic study* on electricity and natural gas consumption rates in UK commercial kitchens per GBP of turnover. Average electricity and gas consumption rates are multiplied by the Compass' revenue from commercial kitchens in each country. As the study is based on GBP, food indices from FAOSTAT were used to normalize results for the US and Australia to account for differences in food prices between countries. Country specific grid emission factors for electricity and natural gas are sourced from US EPA (US), DEFRA (UK) and the Australian Government's Department of Climate Change, Energy, the Environment and Water (Australia). France: Actual data (where available) on gas and electricity consumption values from Compass client kitchens and the number of meals served has been used to calculate average gas and electricity consumption factors per meal served. These factors are then used to extrapolate across the remaining meals served by Compass France for the year and multiplied by emission factors from ADEME. *Mudie S. Energy Benchmarking in UK Commercial Kitchens. Building Services Engineering Research and Technology. 2016.

3.12	End-of-life treatment of sold products	Average-data method, waste-type-specific method	Emissions from the end-of-life treatment for Compass Group all arise from downstream waste. Estimates are made for both end-of-life food waste and packaging waste. Food waste for the UK, US and Australia are based on assumed wastage rates from food purchases, sourced from literature studies by 'Food and Agriculture Organisation of the United Nations' (UNFAO) and WRAP for the UKI and Australia, and USDA and NRDC in the US. US and AUS: To calculate the end-of-life emissions associated with packaging materials, the US EPA industry average recycling rates were used to calculate the total packaging recycled and sent to both landfill. US EPA emission factors for each type of waste treatment were then applied to these to calculate the associated emissions. UKI: Only downstream emissions from food waste were calculated. Emission factors from DEFRA were used. Compass France do not include emissions from waste in this category. All emissions associate with waste are included in category 5.
3.13	Downstream leased assets	N/A	Compass Group does not operate assets that are leased to other entities. Therefore, there are no emissions associated with this category.
3.14	Franchises	N/A	Compass Group does not operate franchises. Therefore, there are no emissions associated with this category.
3.15	Investments	Average-data method	Emissions from investments where Compass Group do not manage the procurement are included in 3.15. Where Compass does manage the procurement for investments, emissions are accounted for in 3.1 and 3.2. Emissions are calculated by multiplying the total annual revenue of investments by Compass' % share of profits. This share of revenue is then multiplied by US EEIO emission factors.