

## Strategy

### Climate-related risks and opportunities and their impact on the operations of the Group

Our specialist internal teams partnered with external climate resilience experts to conduct qualitative and quantitative risk assessments and scenario analysis to identify climate-related risks and opportunities.

In 2022, we published the results of our scenario analysis, which showed that Compass is well placed to respond to transition risks and market pressures through our dynamic operational and strategic levers. This year, we expanded our assessment to align with the latest guidance from the 2021 TCFD Annex. We also conducted a deeper analysis to understand our exposure to physical climate-related risks and opportunities across four key geographies (details of which can be found in the Scope section on page 48).

At Compass, we are aware that some of our markets are already experiencing the physical impacts of climate change. We want to ensure that our strategy is resilient and set up to deliver on our Planet Promise of a sustainable future for all. This commitment encompasses the Company's values as an ethical, sustainable and inclusive business, and is key to our growth aspirations.

We are committed to reaching climate net zero by 2050, supported by our Sustainable Financing Framework, and we have plans in place to mitigate and adapt to climate-related risks and a future climate transition. We are also making strategic investments which will enable the Group and its businesses to capitalise on climate-related opportunities, including investing in state-of-the-art technology to help our clients realise their sustainability goals effectively and efficiently.

### Scenario analysis

In 2022, we analysed two low-emission scenarios and one high-emission scenario to understand the physical and transition risks and opportunities of climate change. This year, to understand the physical risks and opportunities in greater depth, we have chosen 2.5°C and 4°C scenarios to model chronic and acute physical risks and opportunities. A separate 1.5°C scenario allows us to focus on the impact of transition risks and opportunities.

These three climate scenarios, which are explained in more detail in the table below, were chosen by our specialist internal team, which includes representatives from the Sustainability, Finance, Commercial and Procurement functions, in consultation with our expert external partners.

Scenario	Key attributes	Rationale for inclusion	Pathway to cost increase
<b>Scenario A – 1.5°C by 2100</b> (SSP 1/ RCP 2.6 combination)	The world takes rapid and drastic action to limit global warming and meet the ambition of the 2015 Paris Agreement: <ul style="list-style-type: none"> <li>– coordinated action across public and private sectors</li> <li>– low-carbon technologies take over from fossil fuels</li> <li>– shift in consumer demand and preferences towards low-carbon products and services</li> </ul>	A < 2°C scenario is required by TCFD. This scenario allows Compass to explore transition risks in key markets, consider changes in consumer and client preferences and understand competitor and stakeholder pressures.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.
<b>Scenario B – 2.5°C by 2100</b> (SSP 2/ RCP 4.5 combination)	The world follows a path in which social, economic and technological trends do not shift markedly from historical patterns: <ul style="list-style-type: none"> <li>– development and income growth proceeds unevenly</li> <li>– middle-of-the-road emissions with inconsistent technological process</li> <li>– global and national institutions work towards, but make slow progress in, achieving the UN Sustainable Development Goals</li> </ul>	This scenario allows Compass to prepare for a disorderly transition away from fossil fuels. Under this 2.5°C scenario, Compass examines both physical and transition risks and opportunities.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions, and production losses leading to higher procurement costs.
<b>Scenario C – 4°C by 2100</b> (SSP 5/ RCP 8.5 combination)	The world continues to use fossil fuels as the engine of economic growth, resulting in worst-case levels of global warming: <ul style="list-style-type: none"> <li>– severe and frequent extreme weather, with chronic changes to seasonal weather patterns</li> <li>– extensive business disruption, severely damaging economic growth</li> <li>– protectionist government policies to build resilience to climate change</li> </ul>	This scenario allows Compass to assess the impact of acute and chronic physical climate-related risks and opportunities on the business, supply chain, supplier network, and stakeholders.	Loss in production leads to higher procurement costs due to the costs involved in switching sourcing. No carbon, plastic or food tax is assumed.