



# FOCUS ON GROWTH

ANNUAL REPORT 2022

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Compass Group PLC, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies.



Visit our website for related information: [www.compass-group.com](http://www.compass-group.com)  
Our 2022 Sustainability Report will be available online in January 2023.

# **GREAT PEOPLE GREAT SERVICE GREAT RESULTS**

**COMPASS PROVIDES DELICIOUS AND NUTRITIOUS MEALS TO MILLIONS OF PEOPLE IN AROUND 40 COUNTRIES.**

Our extensive portfolio of B2B brands allows us to create a bespoke food and service offer for our clients and consumers. We operate across five distinct sectors to meet the different organisational needs of our clients.

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.



## BUSINESS MODEL

# GLOBAL LEADER IN FOOD SERVICES

## What we do

### UNDERLYING REVENUE



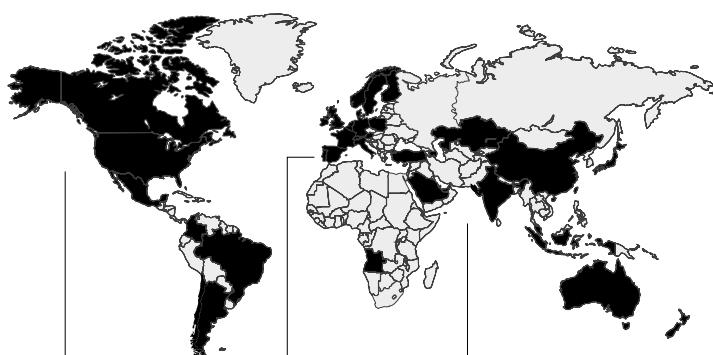
### We are focused on food and targeted support services

While our core offer is the provision of outsourced food services across the world in certain markets and sectors, we also supply targeted support services, such as high-quality hospital cleaning.

We are particularly focused on new business growth in the food services market, which is currently benefiting from an increase in first-time outsourcing due to additional operational complexities and inflationary pressures.

## Our global reach

We operate in **c.40** countries across **3** geographic regions and **5** sectors



### North America

**67%**  
of underlying revenue **APM**

### Europe

**23%**  
of underlying revenue **APM**

### Rest of World

**10%**  
of underlying revenue **APM**

## Sectorisation is the key to our long-term success

### Business & Industry

33% of underlying revenue

**APM**

We utilise our scale, experience and digital capabilities to offer our clients attractive cost benefits, tailored menus and a wide range of innovative dining solutions that can add flexibility to their operating models.



### Healthcare & Senior Living

26% of underlying revenue

**APM**

We work directly with healthcare providers to prepare food that improves patient and senior living experiences – from restaurant-style cafés to in-room patient dining and specialist feeding.



### Education

19% of underlying revenue

**APM**

We strive to provide healthy, balanced meals right through the learning journey, from nursery to higher education. Our catering solutions come in multiple formats, from traditional onsite dining to vending and delivery or takeaway options.



### Sports & Leisure

14% of underlying revenue

**APM**

We have vast catering experience within this market, providing food, beverages and hospitality across large stadiums, conference venues, museums and galleries.



### Defence, Offshore & Remote

8% of underlying revenue

**APM**

We are a leader in providing food and support services to many major oil, gas, mining and construction companies. Our clients rely on us to provide uninterrupted support, however challenging the operating conditions.





## Enabled by our competitive advantages

### People & culture

Our people are at the heart of our business. Energetic, ambitious and entrepreneurial, they deliver amazing food and hospitality to millions of consumers worldwide.

### Financial strength

A strong financial foundation with a low level of leverage means we can invest in growth, innovate our offer, and evolve our operating model. Our financial strength also attracts new clients seeking stability and long-term outsourcing solutions.

### Our sectors & portfolio of brands

Our sectorised approach is a key differentiator. We create bespoke culinary solutions using our extensive knowledge of our clients' requirements. We also provide facilities solutions where needed.

### Decentralised structure

#### Supported by our Management and Performance (MAP) framework

MAP is a crucial element of our success: a simple framework embedded in our culture that standardises processes and increases efficiency.

*See more on page 13.*

### Culinary & digital innovation

We strive to provide clients and consumers with greater choice, award winning innovation and market-leading contemporary food offers. Our reach enables us to make tangible advances towards a sustainable future for all.

### Scale in procurement

Our size enables us to pass on purchasing benefits to clients and consumers by offering better quality products at more attractive prices. Our spending with local and diverse suppliers and social enterprises enables greater reinvestment into social causes.

## Creating value for all stakeholders

Compass is a strong cash-generating business with a clear capital allocation model. We invest both organically and through acquisitions to drive growth.

Our policy is to pay around 50% of underlying earnings through an ordinary dividend, with further additional shareholder returns when appropriate.

We do this whilst maintaining a resilient balance sheet, targeting net debt to EBITDA in the range of 1x-1.5x.

Consistent with this framework is the return of excess capital to shareholders through a share buyback programme.

### Underlying revenue APM

**£25,771m**

2021: £18,136m

### Our people

**500,000+**

people we engage and employ around the world

### Our suppliers

**£1.7bn**

globally purchased from local and diverse suppliers

### Our communities

**1.3m**

meals donated to local communities across some of our largest markets

### Our environment

**40+ countries**

participated in Stop Food Waste Day 2022

### Reduced global food safety incidents

**42%**

since 2018

## CHAIR'S LETTER

# A CLEAR STRATEGY FOR GROWTH

## Dear Shareholder

I am delighted to report another excellent year for Compass. The Group continues to recover strongly from the pandemic and has reached an important milestone with revenue surpassing its pre-COVID level. This achievement is a testament to the hard work and resilience of our people. People are at the heart of our business and they differentiate us from our competitors and provide a unique competitive advantage.

I would like to take this opportunity to thank everyone who works for Compass for their commitment. Their efforts have and will continue to underpin the Group's performance through the next phase of our recovery as we manage inflationary pressures and take advantage of the significant growth opportunities within the market.

## Financial results

The Group delivered strong organic revenue growth of 37.5%<sup>1</sup> and increased our underlying operating margin by 170bps to 6.2%<sup>1</sup> compared to the prior year. This resulted in underlying operating profit increasing to £1,590 million<sup>1</sup>. On a statutory basis, revenue increased by 42.5% to £25,512 million, and operating profit was up 175.2% to £1,500 million.

## Dividends

The Board recognises the importance of a dividend to our shareholders, and our policy is to pay out around 50% of underlying earnings through an interim and final dividend. In line with this policy, the Board has declared a final dividend of 22.1 pence per share, which, when added to the interim dividend, provides a total dividend for the year of 31.5 pence.

## Share buyback

With the positive momentum in rebuilding our revenues and margins, supported by strong cash generation within the businesses, we have been able to reduce our net debt to EBITDA ratio back to our target range of 1x-1.5x. As a result, we announced an additional capital return in the form of a share buyback programme.

## Strategy

Our strategy is to focus on food services and targeted support services, particularly from first-time outsourcing. Our model for creating value remains unchanged based on our three key strategic pillars of People, Performance and Purpose.

We have a meaningful purpose, and part of this is providing great food to millions of people across the world. This makes people healthier and happier and helps them perform better. We can positively impact millions of lives every day. It's clear to me that we have the best team in our industry; and the best people will deliver the best service, enabling us to deliver the best results.

Our approach to sectorisation and sub-sectorisation remains right for our business. Winning in different sectors requires different skills and processes, and increased customisation at scale will continue to be a key driver of our success.



## Corporate responsibility and sustainability

The Group is fully committed to a sustainable future. This year, we launched our Sustainable Financing Framework, enabling the business to issue green, social and sustainability bonds, in support of our environmental, social and governance (ESG) objectives, including our global climate net zero commitment. Following the launch of this framework, I'm pleased to report we successfully issued our first sustainable bonds.

## Governance and the Board

As your Chair, one of my key responsibilities is to ensure good governance (see pages 52 to 113), and in this endeavour, I am extremely well supported by my fellow Board members. Their leadership will be crucial to supporting our teams and hitting our targets over the short and longer term.

## Summary and outlook

The Group performed strongly in 2022 in terms of growth, margin improvement and all of our operating KPIs. Whilst the macroeconomic environment is uncertain, our model is resilient, and we have exited the pandemic in a strong position, leveraging our scale and expertise to achieve record levels of new business and retention.

I am proud to be part of Compass. It is a great business with a clear strategy, well defined executional plans and huge growth potential. Looking ahead, we remain excited about the significant structural growth opportunities globally and generating further sustainable long-term value for all our stakeholders.

*IK Meakins*

**IAN MEAKINS**

Chair of the Board

21 November 2022

## Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. In making decisions, the directors consider what is most likely to promote the success of the Company for its shareholders in the long term, as well as the interests of the Group's other stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the Company's activities on local communities, the environment, including climate change, and the Group's reputation.

*Read about the Group's stakeholders on pages 68 to 72 and how stakeholders have been taken into account in decision-making on page 73.*

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

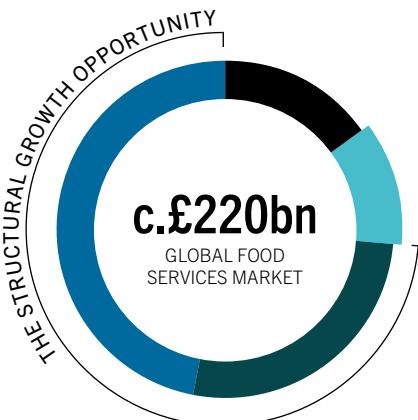
## MARKET REVIEW

# MARKET REVIEW

## ADDRESSABLE GLOBAL FOOD SERVICES MARKET AT LEAST £220BN

- Large players
- Compass Group
- Regional players
- Self-operated

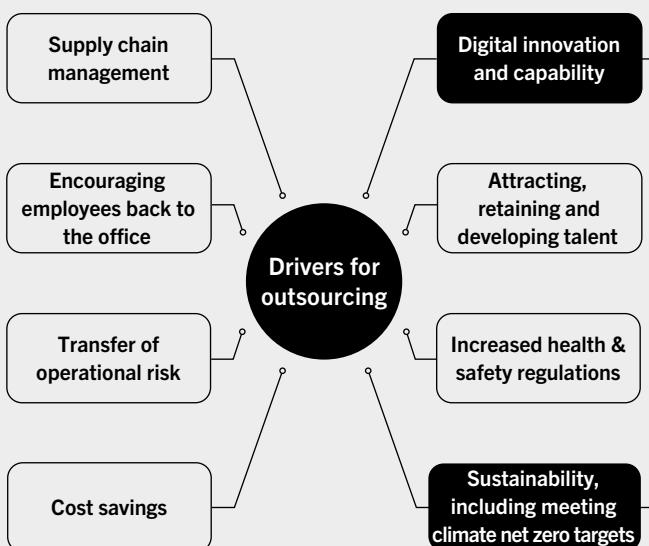
Numbers on this page relating to market size and penetration rates are based on management estimates and a range of external data.



We estimate that the addressable global food services market is worth at least £220bn, with Compass accounting for around 10% of the market. This provides us with a significant runway for growth, particularly as three-quarters of the market is still self-operated or in the hands of regional players. In addition to this huge structural opportunity, there are further growth opportunities for Compass in vending, some areas of food delivery, and targeted support services.

## WHY OUTSOURCING IS GROWING

The drivers for outsourcing are growing as the list of 'must haves' for potential clients is increasing. Cost reduction may be an important driver for some clients, but the decision to outsource is usually based on wider capabilities such as digital or a focus on sustainability. Overall, we view any operational challenges and increased complexity as an impetus for outsourcing.



## INCREASED OPPORTUNITY IN FIRST-TIME OUTSOURCING

First-time outsourcing opportunities are increasing as additional complexity and ongoing inflationary pressures provide a further impetus for organisations that currently self-operate to outsource their food service provision. We are successfully capturing this growth opportunity through our capabilities and resources.

This is evidenced by a step up in new business wins, which increased to £2.5bn with first-time outsourcing now accounting for around 45% of our new contract wins compared to around 30% before the COVID-19 pandemic.

Whilst these new contracts are being sourced across all our sectors, we are particularly excited about the opportunity in Healthcare & Senior Living, where more than 60% of the market is still self-operated. We work directly with healthcare providers to provide food services that improve the overall patient experience.

### NEW BUSINESS WINS IN LAST 12 MONTHS

**£2.5bn**

### NEW CONTRACT WINS FROM FIRST-TIME OUTSOURCING

**C.45%**

#### ◦ Digital is driving growth

Digital is now a right to entry in almost every client proposal and a clear growth enabler. As well as contributing to stronger growth, digital also unlocks operating efficiencies and further enhances our ESG proposition, particularly by reducing food waste.

Although we have invested in technology for many years – organically and through acquisitions – this transformation has recently accelerated with the development of new, digitally-enabled operating models. We now have teams that develop industry-leading digital solutions for our clients, including the use of apps, kiosks and frictionless technology, as well as teams dedicated to data analytics. These innovations have been shared widely across our businesses.

While we have made great progress so far we are still at the beginning of our exciting digital journey, with many of our units yet to be transformed. There is still significant potential to leverage our digital capabilities for existing clients as well as helping us grow by capturing new business.

#### ◦ Sustainability as a competitive advantage

Increasingly, clients want bespoke solutions that take account of sustainability commitments. In the UK and Ireland (UK&I), around 70% of the most recent bids included an environmental focus as a top priority. We pride ourselves on being an ethical and responsible company, as demonstrated by our ambitious climate net zero global commitment for the Group, backed by our regions and sectors setting their own ambitious climate commitments. Our focus on sustainability has been key to winning new business, and we expect this trend to continue.

*For more information on how Compass is being more socially and environmentally responsible, see pages 30 to 51.*

## CHIEF EXECUTIVE'S REVIEW

# OUR CONTINUING GROWTH JOURNEY

The Group's performance surpassed our expectations both in terms of net new business growth and base volume recovery, with Business & Industry now operating above its pre-pandemic revenues. The strong growth trends seen in the first half have continued, with net new business accelerating through the year in all our regions. Our clients are continuing to face operational complexities and inflationary pressures, which are driving increased outsourcing, and we are successfully capitalising on the resulting growth opportunities.

North America continues to perform strongly, and we are particularly pleased with our progress in Europe, which is benefiting from an increased focus on growth and retention, supported by investments in our people, brands, and processes.

Thanks to the hard work of our teams across the world, Compass has emerged from the pandemic as a stronger and more resilient business, reflecting our clear strategy and market-leading growth enablers. While the macroeconomic environment is uncertain, we are working in partnership with our clients to mitigate inflationary pressures and supporting our colleagues during this challenging period by offering financial support and other benefits.

## Group performance

Organic growth was 37.5%<sup>1</sup> with underlying revenue, on a constant-currency basis, 105% of its 2019 level<sup>2</sup>.

Underlying operating margin increased by 170bps to 6.2%<sup>1</sup> (2021: 4.5%) despite mobilisation costs associated with the higher new business growth and inflationary pressures.

As a result, underlying operating profit increased to £1,590 million<sup>1</sup> (2021: £811 million).

We are continuing to invest in exciting growth opportunities both through capital expenditure and M&A. Capital expenditure was 2.7%<sup>1</sup> of underlying revenue, lower than historic levels due to timing delays in some investments.

Going forward, we continue to expect capital expenditure to be around 3.5%<sup>1</sup> of underlying revenue.

Net M&A expenditure in the year was £268 million, which was largely spent on a number of bolt-on acquisitions mainly in the US. Following the year end, in October 2022, the Group also divested of four Central and Eastern European businesses in Czech Republic, Hungary, Slovakia and Romania.

The Group generated a strong underlying operating cash flow of £1,351 million<sup>1</sup> (2021: £1,004 million) which represented a conversion rate of 85%<sup>1</sup>, back in line with our typical pre-COVID level. Underlying free cash flow was £890 million<sup>1</sup> (2021: £660 million), with a conversion rate of 56%<sup>1</sup>. As a result of improving profit, leverage reduced to 1.3x<sup>1</sup>, well within our target range of 1x-1.5x.



## Strategy

Our strategic focus is on food, with targeted support services. The addressable food services market is estimated to be worth at least £220 billion. There remains a significant structural growth opportunity from first-time outsourcing, as around half of the market is still self-operated. As the operating environment becomes increasingly challenging due to inflationary pressures, increased client demands and other additional complexities, we have a clear strategy to capture the resultant acceleration in first-time outsourcing based on our focus, scale and expertise.

Being the largest global player, our scale in procurement and focus on cost efficiencies give us competitive advantages that translate into greater value for clients and consumers. Our sectorised and sub-sectorised approach enables us to provide a tailored offer to meet changing client requirements. We are continuing to invest in our market-leading propositions in digital and ESG which are clear growth enablers in the food services market.

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.



## People

Our people are essential to our strategy for growth: they are at the heart of how we win and why we win, and their health and safety are always our number one priority. We have continued to deliver our core development training programmes, Mapping for Value and Mapping for Action, to reinforce our use of the MAP framework within our leadership and operational teams, respectively. Around 4,000 employees have now completed Mapping for Value and more than 14,000 employees have participated in Mapping for Action.

As part of our commitment to ensure inclusion for all, we endeavour to harness the talents of our diverse workforce across every level of the organisation. Work has continued at pace on developing, retaining and promoting our female talent. In the UK & Ireland, 58% of all promotions during the year were female with approximately 13% of the workforce promoted. 53% of promotions of salaried staff in the USA were female. This focus has supported the increase in female representation at Senior Leaders level to 37%.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

2. Throughout this Report, underlying revenue as a percentage of 2019 is calculated on a constant-currency basis.

3. Annual revenue of new business wins in the last 12 months.

We prioritise the health and wellbeing of our people and are sensitive to the current economic environment that is putting significant pressure on colleagues' household budgets. In line with our values and within the parameters of our decentralised operating model, this support is delivered through tailored programmes in each of our markets, including communicating financial wellbeing guidance and extending our community food donation scheme to include hot meals. In North America, Compass provides flexibility through a digital HR tool and same day pay, which benefits 15,000 colleagues. Our UK&I business, which is already an accredited Real Living Wage provider, provides approximately 200,000 free meals for colleagues every week and access to a 'Helping Hands' fund to provide support with emergency or unexpected payments.

#### Purpose

Our Planet Promise is Compass Group's global commitment to a sustainable future for all. It encompasses the Company's values as an ethical, sustainable and inclusive business, together with our ambition to positively impact the world. As well as being the right thing to do, this mission is also key to our growth aspirations. Sustainability is a critical issue for many of Compass' clients.

We were the first in the industry to publish a worldwide commitment to reach climate net zero by 2050. In July 2022, the Group launched a Sustainable Financing Framework to issue sustainable debt. Sustainable financing aligns with the expectations of our clients and shareholders and supports our worldwide carbon reduction commitment and social mobility initiatives. Under this framework, in September 2022, we successfully issued two sustainable bonds, raising proceeds of €500 million (£439 million) and £250 million, respectively, which will be used to progress the Group's sustainability initiatives and the delivery of its global climate net zero target.

One of the most impactful ways to prevent climate change is to reduce food waste. To better understand and mitigate our businesses' food waste footprint, Compass is expanding the use of smart meter technology across our global operations while working in

partnership with clients and suppliers to halve food waste by 2030. As well as working to incentivise our workforce to fight food waste, we highlight our progress through visible awareness-raising initiatives, such as Stop Food Waste Day in over 40 countries.



#### Summary

The Group performed strongly both in terms of revenue growth and margin improvement, with underlying operating profit nearly doubling to £1.6 billion<sup>1</sup>. Revenue in all sectors and regions exceeded their pre-COVID levels in the second half, with Business & Industry recovering particularly well. Organic revenue growth was strong as the Group benefited from good volume recovery and excellent levels of net new business. Underlying operating margin also grew strongly to 6.2%<sup>1</sup> despite mobilising high levels of new business.

While there are global inflationary pressures and macroeconomic uncertainties, we have a resilient and flexible business model to help mitigate these challenges. This environment, alongside increasing operational complexities, is continuing to lead to an acceleration in first-time outsourcing as organisations seek cost savings and an improved food offer. We have a clear strategy to capture this growth opportunity based on our scale, expertise and sectorised market approach, which has resulted in new business wins of £2.5 billion<sup>3</sup> and our highest ever client retention rate of 96.4%.

Our disciplined capital allocation framework supports growth whilst ensuring a robust balance sheet, rewarding shareholders through dividends and additional shareholder returns. In 2022, we declared a total dividend of 31.5 pence per share and returned £500 million to shareholders via a share buyback programme.

Looking further ahead, we remain excited about the significant structural growth opportunities globally, leading to the potential for revenue and profit growth above historical rates, returning margin to pre-pandemic levels and rewarding shareholders with further returns.

#### DOMINIC BLAKEMORE

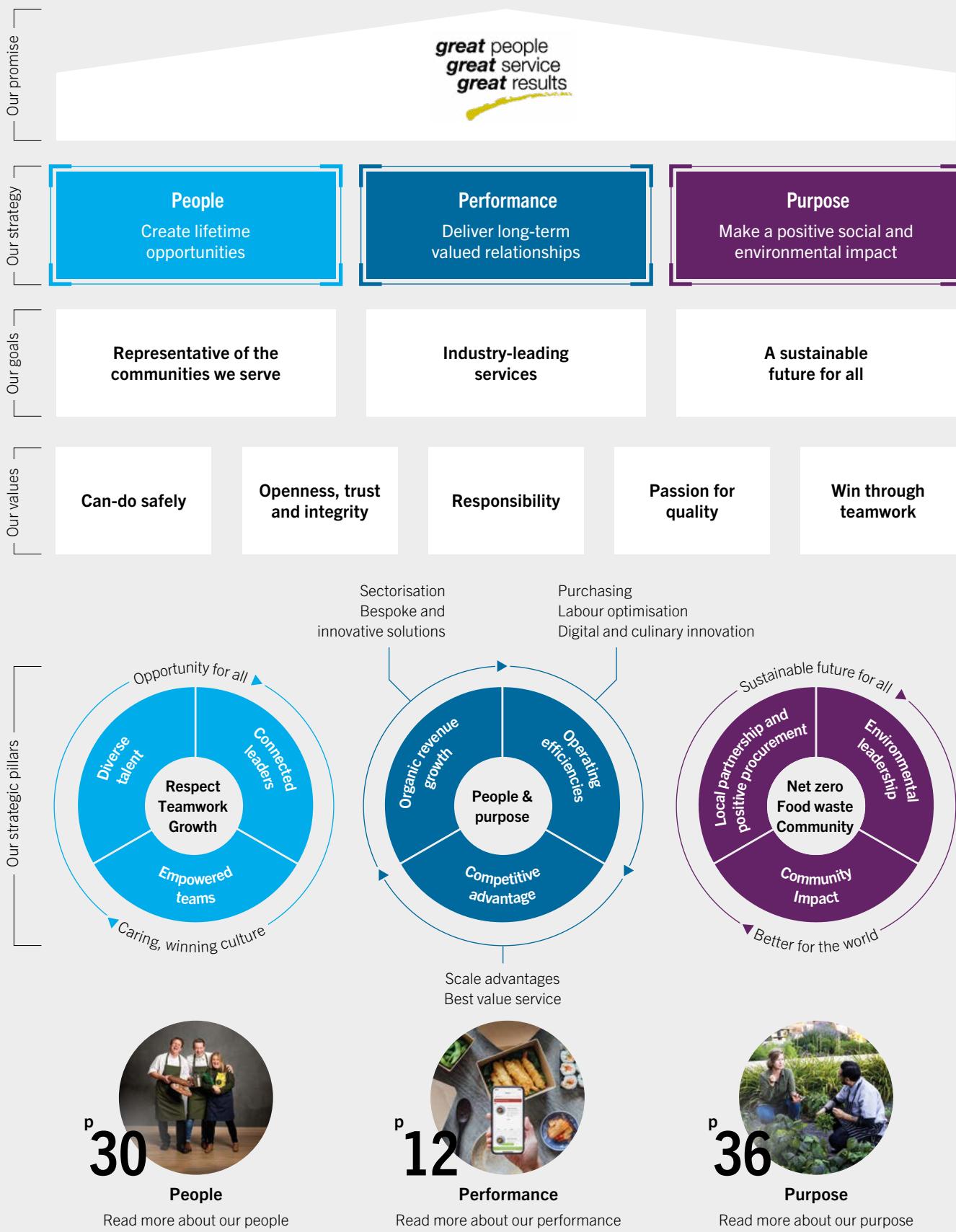
Group Chief Executive Officer

21 November 2022

## OUR STRATEGY

# OUR STRATEGIC FRAMEWORK

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.



## KEY PERFORMANCE INDICATORS

## MEASURING PROGRESS

F Financial KPI

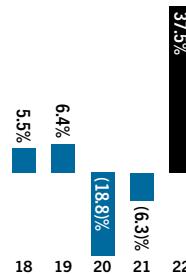
NF Non-financial KPI

We track our progress against a mix of financial and non-financial measures, which we believe best reflect the delivery of our strategy.

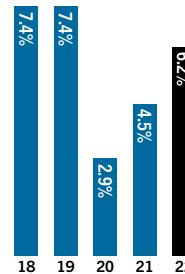
We measure growth, efficiency and shareholder returns, which are all underpinned by our focus on safety and our impact on the environment.

F UNDERLYING FREE CASH FLOW<sup>1</sup>**£890m**

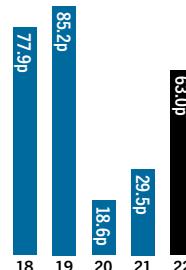
Underlying free cash flow increased to £890m, representing a conversion rate of 56% of underlying operating profit.

F ORGANIC REVENUE CHANGE<sup>1</sup>**37.5%**

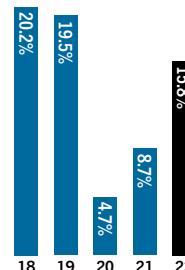
Organic revenue growth was strong at 37.5% in 2022, reflecting excellent net new business, base volume recovery following the pandemic, and higher levels of pricing.

F UNDERLYING OPERATING MARGIN<sup>1,2</sup>**6.2%**

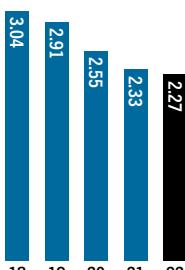
Underlying operating margin improved by 170bps to 6.2% in 2022 compared to prior year despite mobilisation costs associated with higher new business growth and inflationary pressures.

F UNDERLYING BASIC EARNINGS PER SHARE<sup>1</sup>**63.0p**

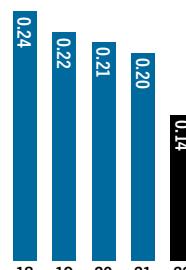
EPS growth of 114% in 2022 reflected the Group's strong revenue growth and the improvement in underlying operating margin.

F RETURN ON CAPITAL EMPLOYED (ROCE)<sup>1,2</sup>**15.8%**

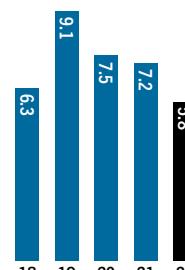
Having been impacted significantly by the pandemic, the Group is rebuilding ROCE which increased to 15.8% in 2022.

NF GLOBAL LOST TIME INCIDENT FREQUENCY RATE<sup>3</sup>**2.27**

Health and safety cases where one of our colleagues is away from work for one or more shifts as a result of a work-related injury or illness.

NF GLOBAL FOOD SAFETY INCIDENT RATE<sup>3</sup>**0.14**

Cases of substantiated food safety incidents, including food borne illnesses.

NF GHG INTENSITY RATIO<sup>3</sup>**5.8 tCO<sub>2</sub>e/£m**

When normalised by revenue we have seen a 19% year-on-year reduction in our greenhouse gas (GHG) emissions ratio.

1. Our financial KPIs represent underlying and other Alternative Performance Measures (APMs) which are not defined by generally accepted accounting principles (GAAP). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

2. 2018 to 2020 as previously reported. 2021 and 2022 reflect new definitions of underlying operating margin and ROCE (see note 33 to the consolidated financial statements).

3. Our non-financial KPIs are further explained on pages 10 and 40.

## HEALTH AND SAFETY

# SAFETY CULTURE

**At Compass, a culture of care, respect and safety is paramount in everything we do. We have a moral obligation to safeguard each other, our consumers and the environment by operating a safe, injury-free and healthy workplace, serving food that is always safe to eat and providing service with consumer and community safety top of mind. Our approach is based on education, intervention and collaboration. Sharing lessons learned across our businesses has been fundamental to maintaining our solid track record in safety.**

Whilst each locality adopts processes specific to national safety risks and legislation, all apply three key Group protocols: our Global Safety Standards, Global Supply Chain Integrity Standards and the Global Allergen Management Plan.

## Global COVID-19 response update

During 2022, our global Coronavirus response team continued to closely monitor developments, follow local and global regulatory health authority guidance and share learnings throughout the Group. Weekly advisory updates from our Chief Medical Adviser have been critical in providing highly detailed and evidence based data on the pandemic situation for all regions.

## Optimising and evolving our systems

Continued investment in safety management systems across our operations demonstrates our commitment to market-leading health and safety expertise. It also supports our drive for transparency and accountability. Each country leverages a bespoke safety management system, supporting leadership safety interactions, operational risk assessments and incident management. Insights gained from these systems further support process improvement across the business. Our safety performance is continuously monitored, transparently reported and considered at every meeting of the Board and the Corporate Responsibility Committee.

## Personal safety

Our safety culture emphasises the fundamental importance of incident prevention and intervention. Through awareness, information and training, we empower our people to take individual and collective responsibility for their own safety and the safety of those around them. In 2022, our global Lost Time Incident Frequency Rate (LTIFR) fell to 2.27, below the limit of 2.79. We had a total of 2,005 global lost time incidents in 2022, which represents a 33% reduction in incident numbers since 2018.



## Food safety

Compass' core values and global safety protocols guide the decisions, actions and behaviours of our people and serve as a foundation for the way we conduct business.

Our suppliers undergo a rigorous approval process, with any areas for improvement rapidly remedied to mitigate wider risks. An increasing number of our businesses' sites operate to ISO 22000 food safety management system standards or similar Safe Quality Food (SQF) standards. Food safety training is delivered at the local level to account for unique market risks associated with food hygiene and allergen regulations.

We take a robust approach to any food safety incidents, with protocols in place to report and respond rapidly. Learnings are shared internally to continually evaluate and improve practices. In 2022, our Food Safety Incident (FSIR) rate fell to 0.14, below the limit of 0.24. We had a total of 849 food safety incidents in 2022, which represents a 42% reduction in incident numbers since 2018.

## Safety governance

We have worked hard to create a culture that takes safety seriously and to train our people to adopt behaviours that keep them free from harm. Board and Executive Committee meetings regularly feature health and safety updates. The Corporate Responsibility Committee reviews the Group's Health and Safety Policies annually to ensure that they continue to reflect our aims and aspirations and adhere to current legislation.

Our safety culture empowers our people to take responsibility for their safety and the safety of their colleagues. This is further cultivated by our network of safety leaders operating at every level within our businesses.

## Safety targets

Countries are required to report monthly to the Company on their LTIFR and FSIR. The management bonus scheme is linked to these key performance indicators.

Our safety performance against targets continued to improve in 2022. Since 2018, we have delivered a 33% reduction in the LTIFR and a 42% reduction in the FSIR respectively.

A reduction in LTIFR correlates with an improving safety culture; reducing cases where our colleagues are away from work for more than a shift as a result of a work-related injury. A reduction in FSIR is a helpful measure of our ability to provide quality food that is safe to our consumers, as measured by cases of substantiated food safety incidents.

See our KPIs on page 9 for more information.

## Priorities for the year ahead

The business will prioritise initiatives that further a holistic safety culture and scale in those markets where the opportunity exists. We will continue to enable better practice sharing around training, and provide a forum for our global safety professionals to connect in a common purpose.

## ETHICS AND INTEGRITY

# DOING WHAT IS RIGHT

Compass has a passionate commitment to uphold the highest standards of ethics and integrity (E&I) which has earned us our position as a global leader and trusted partner. We believe in responsible leadership; to set the standard and act as a role model for ethical behaviour. Through an inclusive culture, we promote a workplace where our people and partners can speak up and be heard. Our values, commitments and Codes of Business Conduct and Ethics (Our Codes) guide the decisions, actions and behaviours of our people and serve as a foundation for the way we conduct business.

## Our E&I programme

Our programme's purpose is to protect our people, our assets, our reputation and our relationships with stakeholders. Risk-based programme activities contribute to providing the conditions and requirements for Compass' employees and those who act on our behalf to ensure business is conducted in an ethical, fair and responsible way.

In 2022, we refreshed our E&I strategy, framework and priorities following approval from the Executive Committee and Corporate Responsibility Committee. Additional resources and specialists joined the Group E&I team to further support the development of policies, procedures, systems and initiatives.

## Global initiatives

Committed to continued improvement we prioritised:

- implementing our Speak Up, We're Listening programme
- launching our new Speak and Listen Up Policy
- launching our new Global Supplier Code of Conduct
- embedding business integrity risks as part of the Group's biannual major risk assessment process
- strengthening collaboration with functional leaders
- improving governance and management reporting
- supporting initiatives to further improve our human rights programme design and implementation

## Training and awareness

Through communication, awareness and training, we empower, encourage and equip our people to spot red flags and make well-informed integrity-driven decisions. To reach wider audiences, we expanded our target training population to above-unit manager up to Executive Management and Board-level and increased the frequency to

## SPEAK UP! We're listening

Confidential | Trustworthy | Safe



Speak Up, We're Listening is our confidential reporting programme that is accessible to anyone, available 24/7 365 days a year and is managed by Group E&I, a team independent of any other lines of business. Following our global relaunch, a number of process improvements were made. These included optimising our initial case assessment, enhancing reporter management, simplifying the online intake process, use of a QR code and utilising automated dashboards. This has led to more specific information being provided, enabling a swifter and better analysis of potential issues, focusing resources on investigating ethics matters and providing better monitoring insights and reporting of emerging risks.

### REPORTS RECEIVED<sup>1</sup>

**3,176**

Through our Speak Up programme and helpline

### REPORTS RECEIVED FROM

**40 countries**

An increase of 5 countries following relaunch in 2021

### QR CODE SCANS

**8,746**

Found on posters and other communication materials

### LEADERS TRAINED

**c.12,000**

Leaders completed training in managing Speak Up concerns

1. Speak Up data for the year ended 30 September 2022.

biannual training covering regulatory risks as well as policies and values. As an indicator of effectiveness, 96% of colleagues who completed the training agreed it raised their awareness of E&I principles.

## Pledge and declaration

To confirm their understanding of and compliance with the Codes, our annual self-certification process requires around 13,000 leaders globally to undertake a pledge and declaration covering key business integrity risk areas and conflict of interest disclosure.

## Priorities for the year ahead

In partnership with the business and our community of E&I leaders, we will prioritise initiatives in accordance with our strategic plan which includes refreshing and relaunching the Code of Business Conduct, strengthening business integrity policies, enhancing third-party integrity due diligence and embedding E&I committees for improved oversight and risk monitoring.



# PERFORMANCE

## BRUNEL UNIVERSITY, COMPASS GROUP UK&I

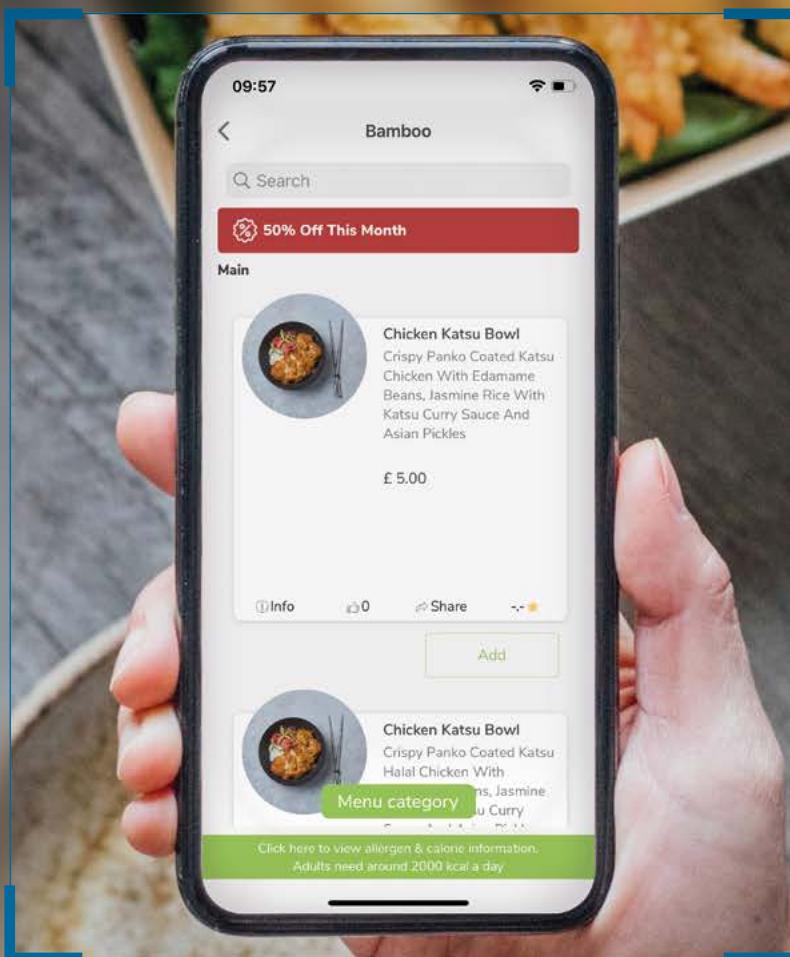
As the trend towards outsourcing continues, it is crucial to Compass' growth strategy that we continue to delight our clients and consumers with innovative, healthy and exciting food service solutions.

At Brunel University London, Chartwells, Compass Group UK&I's catering specialist to the education sector, is delivering an innovative offer that complements Brunel's development plans and enhances the student experience.

By thinking big, starting small and scaling fast, Chartwells has transformed Brunel's traditional canteen model into one that offers delivery, click and collect, and in-house and external brands under a single app – Uni Food Hub. The facility is open all day, with excellent, varied food, making it easier and more appealing for students to eat and drink when and where they want. Chartwells also delivers off-campus via a delivery partnership.

This consumer-centric model, which can be replicated across the Group, is achieving significant cost savings at Brunel University. As food is now cooked to order, a 33% drop in food waste has been achieved, and we have increased labour flexibility. Due to the influence of third-party brands and the higher sales that app ordering tends to drive, the business has seen a double-digit increase in average spend per head.

This innovative development speaks to the spirit of entrepreneurship that is so common Group-wide and should help Chartwells win more new business. The model is now being tailored for other institutions in the higher education market such as Swansea University, where Chartwells recently won a new 10-year contract.



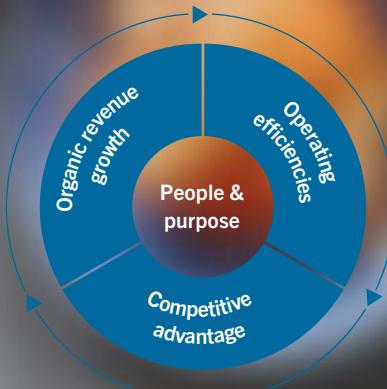
## DOUBLE-DIGIT

increase in average spend per head

33%

reduction in food waste

### Performance strategic pillars



## OPERATING FRAMEWORK

# THE MAP FRAMEWORK

We use the Management and Performance (MAP) framework to drive performance across the business. MAP is a simple framework embedded in our culture, which ensures all employees are focused on meeting the following performance drivers:

## map 1

### Client sales and marketing

MAP 1 is about winning new business and retaining our existing clients. We invest in sales and retention and are increasingly sectorising and sub-sectorising the business around the world to allow us to get closer to our clients.

## map 2

### Consumer sales and marketing

Like-for-like revenue consists of both volume and price. We are focused on attracting and satisfying our client base with strong consumer propositions.

## map 3

### Cost of food

Food makes up around one-third of our costs. In addition to the benefits of our scale in food procurement, we are able to manage food costs through careful menu planning and by rationalising the number of products we buy and the suppliers we buy them from.

## map 4

### In-unit costs

In-unit costs are made up predominantly of labour. We focus on getting the right people in the right place at the right time. By using labour scheduling techniques and improving productivity, we are able to deliver the optimum level of service in the most efficient way.

## map 5

### Above-unit overheads

We have a simple organisational model with few layers of management and little bureaucracy, which enables us to keep overheads low whilst we continue to grow revenue.

## THE MAP FRAMEWORK

### Organic revenue growth

## map

### 1 & 2

A key priority is to drive organic growth by investing in new business and retention (MAP 1) as well as consumer propositions which generate like-for-like revenue (MAP 2).

Related KPIs:  
Organic revenue change

### Margins

## map

### 3, 4 & 5

We focus relentlessly on costs: this includes managing the cost of food (MAP 3), in-unit labour costs and overheads (MAP 4) and what we term above-unit overheads (MAP 5). In large markets, our scale enables us to benefit from lower food costs and to improve leverage of our overhead costs. Operational efficiency and effectiveness are key to improving margins.

Related KPIs:  
Underlying operating margin

### Free cash flow

### Shareholder returns

Investment  
Capex/bolt-on M&A

Our focus on organic revenue growth and margin helps grow our earnings and cash flow generation. The priorities for cash are clear and consistent. We invest capex to support organic revenue growth and generate further efficiencies to reinvest in the business and deliver continued margin improvement over time.

Bolt-on acquisitions add capability or expertise to an existing market, and we demand returns which exceed the cost of capital by the end of year two following acquisition. Our aim is to target a net debt to EBITDA leverage range of 1x-1.5x, and to pay an ordinary dividend; with any surplus capital being returned to shareholders.

Related KPIs:  
Return on capital employed (ROCE)  
Underlying basic earnings per share  
Underlying free cash flow

## FINANCIAL REVIEW

# A YEAR OF STRONG GROWTH

## Group performance

### Underlying results<sup>1</sup>

- Underlying revenue at 105% of 2019 revenues on a constant-currency basis, with all regions and sectors operating above 2019 levels in the second half
- Underlying operating margin of 6.2%, an increase of 170bps
- Return on capital employed of 15.8%, up from 8.7%<sup>2</sup> in 2021
- Basic underlying earnings per share increased by 104% to 63.0p on a constant-currency basis
- Underlying free cash flow of £890 million, with cash conversion of 56%

### Statutory results

- Revenue increased by 43%
- Operating profit of £1,500 million, an increase of 175%
- Basic earnings per share of 62.6p, an increase of 213%



	2022 £m	2021 £m	Change
<strong>REVENUE</strong>			
Underlying – reported rates <sup>1</sup> <b>APM</b>	<b>25,771</b>	18,136	42.1%
Underlying – constant currency <sup>1</sup> <b>APM</b>	<b>25,771</b>	18,745	37.5%
Organic <sup>1</sup> <b>KPI</b>	<b>25,599</b>	18,617	37.5%
Statutory	<b>25,512</b>	17,908	42.5%
<strong>OPERATING PROFIT</strong>			
Underlying – reported rates <sup>1</sup> <b>APM</b>	<b>1,590</b>	811	96.1%
Underlying – constant currency <sup>1</sup> <b>APM</b>	<b>1,590</b>	848	87.5%
Organic <sup>1</sup> <b>APM</b>	<b>1,585</b>	841	88.5%
Statutory	<b>1,500</b>	545	175.2%
<strong>OPERATING MARGIN</strong>			
Underlying – reported rates <sup>1</sup> <b>KPI</b>	<b>6.2%</b>	4.5%	170bps
<strong>RETURN ON CAPITAL EMPLOYED (ROCE)</strong>			
Underlying – reported rates <sup>1</sup> <b>KPI</b>	<b>15.8%</b>	8.7% <sup>2</sup>	710bps
<strong>BASIC EARNINGS PER SHARE</strong>			
Underlying – reported rates <sup>1</sup> <b>KPI</b>	<b>63.0p</b>	29.5p	113.6%
Underlying – constant currency <sup>1</sup> <b>APM</b>	<b>63.0p</b>	30.9p	103.9%
Statutory	<b>62.6p</b>	20.0p	213.0%
<strong>FREE CASH FLOW</strong>			
Underlying – reported rates <sup>1</sup> <b>KPI</b>	<b>890</b>	660	34.8%
<strong>DIVIDEND</strong>			
Full-year dividend per ordinary share	<b>31.5p</b>	14.0p	125.0%

### Key

**APM** Alternative Performance Measure (APM) (see pages 192 to 199)

**KPI** APM which is also a Key Performance Indicator (see page 9)

1. We track our performance against underlying and other Alternative Performance Measures (APMs), which are not defined by generally accepted accounting principles (GAAP). Accordingly, the relevant statutory measures are also presented where appropriate. The Group's management believes that these APMs reflect our strategic priorities of growth, efficiency and shareholder returns. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy (see page 9). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.
2. Re-presented to reflect a simplified definition of capital employed (see page 193). As defined in previous years, ROCE was 7.7% in 2021 on average capital employed of £7,931 million.

## Income statement

For the year ended 30 September

	2022			2021		
	Statutory £m	Adjustments £m	Underlying <sup>1</sup> £m	Statutory £m	Adjustments £m	Underlying <sup>1</sup> £m
<b>Revenue</b>	<b>25,512</b>	<b>259</b>	<b>25,771</b>	17,908	228	18,136
Operating profit	1,500	90	1,590	545	266	811
Net (loss)/gain on sale and closure of businesses	(7)	7	—	10	(10)	—
Finance costs	(24)	(76)	(100)	(91)	(22)	(113)
<b>Profit before tax</b>	<b>1,469</b>	<b>21</b>	<b>1,490</b>	464	234	698
Tax expense	(352)	(13)	(365)	(107)	(64)	(171)
<b>Profit for the year</b>	<b>1,117</b>	<b>8</b>	<b>1,125</b>	357	170	527
Non-controlling interests	(4)	—	(4)	—	—	—
<b>Attributable profit</b>	<b>1,113</b>	<b>8</b>	<b>1,121</b>	357	170	527
Average number of shares	1,779m	—	1,779m	1,784m	—	1,784m
Basic earnings per share <b>KPI</b>	<b>62.6p</b>	<b>0.4p</b>	<b>63.0p</b>	20.0p	9.5p	29.5p
EBITDA			<b>2,371</b>			1,554

1. The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

## Statutory income statement

On a statutory basis, revenue increased by 43% to £25,512 million (2021: £17,908 million).

Statutory operating profit was £1,500 million (2021: £545 million), an increase of 175%, reflecting the higher revenue and margin recovery. Statutory operating profit includes non-underlying item charges of £90 million (2021: £266 million), including acquisition-related costs of £92 million (2021: £106 million). Non-underlying items in the prior year also included COVID-19 resizing costs of £157 million. A full list of non-underlying items is included in note 33 (non-GAAP measures).

The Group has recognised a net loss of £7 million on the sale and closure of businesses (2021: net gain of £10 million), including exit costs of £7 million (2021: £nil). The net loss in the year includes the Group's exit from its operations in Russia in March.

Finance costs decreased to £24 million (2021: £91 million) mainly due to fair value gains on derivatives held to minimise volatility in short-term underlying finance costs, and the impact of the repayment of a tranche of US Private Placement (USPP) notes in October 2021 and termination of the covenant waivers, which were negotiated during the pandemic, in June 2021.

Profit before tax was £1,469 million (2021: £464 million) giving rise to an income tax expense of £352 million (2021: £107 million), equivalent to an effective tax rate of 24.0% (2021: 23.1%). The increase in rate primarily reflects the mix of profits by country being taxed at different rates.

Basic earnings per share was 62.6 pence (2021: 20.0 pence), an increase of 213%, reflecting the higher profit for the year.

## Underlying income statement

Organic growth was 37.5% with underlying revenue, on a constant-currency basis, 105% of its 2019 level.

Organic growth of 37.5% reflected the reopening of sectors, with like-for-like volume growth of approximately 24%, the strong impact of winning and retaining business, with net new business of 7.5%, and pricing benefits of approximately 6%. Client retention rates continued to improve to a record 96.4%, 100bps higher than 2021, with underlying revenue growth from new business wins at 11.1%.

Underlying operating profit increased by 88% on a constant-currency basis, to £1,590 million, and our underlying operating margin was 6.2% (2021: 4.5%), 84% of the 2019 margin. The margin improvement reflects the ongoing cost efficiency disciplines of the business and is despite the mobilisation costs and inflationary pressures.

Underlying finance costs decreased to £100 million (2021: £113 million) mainly due to the impact of the repayment of a tranche of USPP notes in October 2021 and termination of the covenant waivers in June 2021.

On an underlying basis, the tax charge was £365 million (2021: £171 million), equivalent to an effective tax rate of 24.5% (2021: 24.5%). The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

On a constant-currency basis, underlying basic earnings per share increased by 104% to 63.0 pence (2021: 30.9 pence) reflecting the higher profit for the year.

## FINANCIAL REVIEW CONTINUED

**Balance sheet**

At 30 September

	2022 £m	2021 £m
Goodwill	5,119	4,550
Other non-current assets	5,895	4,556
Working capital	(1,319)	(1,255)
Provisions	(579)	(581)
Net post-employment benefit (obligations)/assets	(178)	129
Current tax	(139)	(87)
Deferred tax	70	128
Net debt <sup>1</sup> <b>APM</b>	(2,990)	(2,538)
Net assets held for sale	26	17
<b>Net assets</b>	<b>5,905</b>	4,919
Borrowings	(3,964)	(3,635)
Lease liabilities	(913)	(845)
Derivatives	(96)	102
Cash and cash equivalents	1,983	1,840
<b>Net debt<sup>1</sup> <b>APM</b></b>	<b>(2,990)</b>	(2,538)

1. The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

**Liquidity**

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long-term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required.

A USPP note of \$398 million (£297 million) was repaid on 1 October 2021. In September 2022, the Group issued fixed-rate sustainable bonds of €500 million (£439 million) and £250 million maturing in 2030 and 2032, respectively. The new bonds effectively pre-finance debt maturities of €500 million (£439 million) in January 2023 and \$352 million (£315 million) in October 2023.

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2022 shows that the average period to maturity is 3.9 years (2021: 3.7 years).

The Group's USPP notes contain leverage and interest cover covenants which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.0 times and 33.4 times, respectively, at 30 September 2022. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests. The covenant tests are shown in note 18 to the consolidated financial statements.

At 30 September 2022, the Group had access to £3,732 million (2021: £3,656 million) of liquidity, including £2,000 million (2021: £2,000 million) of undrawn committed bank facilities and £1,732 million (2021: £1,656 million) of cash, net of overdrafts.

Our credit ratings remain strong investment grade – Standard & Poor's A/A-1 Long-term and Short-term (outlook Stable) and Moody's A3/P-2 Long-term and Short-term (outlook Stable).

2. Re-presented to reflect a simplified definition of capital employed (see page 193). As defined in previous years, ROCE was 7.7% in 2021 on average capital employed of £7,931 million.

**Net debt**

Net debt has increased by £452 million to £2,990 million (2021: £2,538 million). The Group generated £823 million of free cash flow, after investing £704 million in capital expenditure, which was more than offset by a £258 million outflow from the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, returns to shareholders in dividends of £418 million and the share buyback of £425 million, and adverse exchange translation of £251 million.

The ratio of net debt to market capitalisation of £32,227 million at 30 September 2022 was 9.3% (2021: 9.3%). At 30 September 2022, the ratio of net debt to underlying EBITDA was 1.3x (2021: 1.6x). Our leverage policy is to maintain strong investment-grade credit ratings and to target net debt to underlying EBITDA in the range of 1x-1.5x.

**Post-employment benefits**

The Group has continued to review and monitor its pension obligations throughout the year, working closely with the trustees and actuaries of all schemes across the Group to ensure appropriate assumptions are used and adequate provision and contributions are made.

The triennial actuarial valuation of the Compass Group Pension Plan (UK Plan) took place as at 5 April 2022 and showed a surplus of £299 million, which represents a funding level of 113% compared with 106% at 5 April 2019. The accounting surplus in the UK Plan increased to £581 million at 30 September 2022 (2021: £353 million) mainly reflecting an increase in the discount rate, net of inflation, used to measure the liabilities as corporate bond yields have increased, partly offset by a decrease in the market value of plan assets as gilt and corporate bond yields have increased. The deficit in the rest of the Group's defined benefit pension schemes has increased to £759 million (2021: £224 million) mainly reflecting the re-presentation of assets totalling £566 million (2021: £546 million) held in the US Rabbi Trust from post-employment benefit obligations to other investments.

The total pensions operating charge for defined contribution schemes in the year was £175 million (2021: £124 million) and £24 million (2021: £24 million) for defined benefit schemes.

**Return on capital employed**

Return on capital employed was 15.8% (2021: 8.7%) based on net underlying operating profit after tax at the underlying effective tax rate of 24.5% (2021: 24.5%). The increase mainly reflects the higher profit, partly offset by higher average capital employed. The average capital employed was £7,567 million (2021: £7,005 million<sup>2</sup>).

## Cash flow

For the year ended 30 September

	2022 £m	2021 £m
<b>Free cash flow<sup>1</sup> APM</b>	<b>823</b>	464
Add back: Lease repayments	152	153
New lease liabilities and amendments	(139)	(103)
Acquisition and disposal of businesses	(258)	(173)
Dividends paid	(418)	–
Purchase of own shares	(431)	(3)
Foreign exchange translation	(251)	83
Other non-cash movements	70	45
<b>(Increase)/decrease in net debt</b>	<b>(452)</b>	466
Opening net debt	(2,538)	(3,006)
Cash reclassified from held for sale	–	2
<b>Net debt<sup>1</sup> APM</b>	<b>(2,990)</b>	(2,538)
 Free cash flow <sup>1</sup> APM	 823	464
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	57	186
Add back: Acquisition transaction costs	10	10
<b>Underlying free cash flow<sup>1</sup> KPI</b>	<b>890</b>	660

1. The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

### Free cash flow

Free cash flow totalled £823 million (2021: £464 million). During the year, we made cash payments of £57 million (2021: £186 million) in relation to programmes aimed at resizing the business. Adjusting for this, and acquisition transaction costs of £10 million which are reported as part of operating cash flow, underlying free cash flow was £890 million (2021: £660 million), with underlying free cash flow conversion at 56% (2021: 81%).

Capital expenditure of £704 million (2021: £610 million) is equivalent to 2.7% (2021: 3.4%) of underlying revenue.

The working capital outflow was £159 million (2021: £165 million inflow), including an adverse impact of approximately £110 million from the timing of the monthly payroll in a number of countries.

The net interest outflow reduced to £86 million (2021: £116 million) consistent with the lower finance costs in the year.

The net tax paid was £332 million (2021: £200 million), equivalent to an underlying cash tax rate of 22% (2021: 29%).

### Acquisition and disposal of businesses

The total cash spent on business acquisitions during the year, net of cash acquired, was £303 million (2021: £172 million), including £221 million of bolt-on acquisitions and interests in associates, £72 million of contingent consideration and other payments relating to businesses acquired in previous years, and £10 million of acquisition transaction costs included in net cash flow from operating activities.

The Group received £35 million (2021: paid £11 million) in respect of disposal proceeds net of exit costs, which includes the sale of a further 17% shareholding in the Japanese Highways business classified as an asset held for sale at 30 September 2021 and receipts in respect of prior year business disposals.

### Dividends paid

Dividends paid in 2022 of £418 million represents the 2021 final dividend (£250 million) and the 2022 interim dividend (£168 million).

### Purchase of own shares

There was a £425 million cash outflow in respect of the share buyback. The balance of the £500 million programme announced in May 2022 was completed in November.

### Foreign exchange translation

The £251 million loss (2021: £83 million gain) on foreign exchange translation of net debt primarily arises in respect of the Group's US dollar-denominated USPP notes.

### Other non-cash movements

Other non-cash movements primarily comprises fair value movements on derivative financial instruments used to manage the Group's interest rate exposure.



## FINANCIAL REVIEW CONTINUED

**Capital allocation**

Our capital allocation framework is clear and unchanged. Our priority is to invest in the business to fund growth opportunities, target a strong investment-grade credit rating with a leverage target of around 1x-1.5x net debt to EBITDA and pay an ordinary dividend, with any surplus capital being returned to shareholders.

Growth investment consists of: (i) capital expenditure to support organic growth in both new business wins and retention of existing contracts; and (ii) bolt-on M&A opportunities that strengthen our capabilities and broaden our exposure. We have a proven track record of strong returns from our investment strategy evidenced by our historical returns on capital employed.

**Shareholder returns**

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend.

In determining the level of dividend in any year, the Board considers a number of factors, which include but are not limited to:

- the level of available distributable reserves in the parent company
- future cash commitments and investment requirements to sustain the long-term growth prospects of the business
- potential strategic opportunities
- the level of dividend cover

Further surpluses, after considering the matters set out above, may be distributed to shareholders over time by way of special dividend payments, share repurchases or a combination of both.

Compass Group PLC, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies. The level of distributable reserves in the parent company is reviewed annually and the Group aims to maintain distributable reserves that provide adequate cover for shareholder returns. The distributable reserves of the parent company include the distributable portion of retained earnings and the own shares reserve totalling £2,969 million at 30 September 2022 (2021: £3,125 million).

An interim dividend of 9.4 pence per share (2021: nil), £168 million in aggregate, was paid in July. It is proposed that a final dividend of 22.1 pence per share (2021: 14.0 pence per share), £389 million in aggregate, be paid on 2 March 2023 to shareholders on the register on 20 January 2023. This will result in a total dividend for the year of 31.5 pence per share (2021: 14.0 pence per share), £557 million in aggregate (2021: £250 million). The dividend is covered 2.0 times on an underlying earnings basis.

The final dividend of 22.1 pence will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 9 February 2023.

The Group is in a strong position to fund its dividend, which is well covered by cash generated by the business. Details of the Group's going concern assessment can be found on page 134. The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 24 to 28 that could adversely impact the performance of the Group, although we believe we have the ability to mitigate those risks as outlined on pages 24 to 28.

The £500 million share buyback programme announced in May 2022 was completed in November 2022. We have announced a further

share buyback of up to £250 million, to take place during the first half of the 2023 financial year, taking the total buyback to £750 million.

**Treasury**

The Group manages its liquidity, foreign currency exposure and interest rate risk in accordance with the policies set out below.

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

**Foreign currency risk**

The Group's policy is to balance its principal projected cash flows by currency with actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency borrowings, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings are either less than, or equal to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.



Non-sterling earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given, and will continue to give, rise to translation differences. The Group is only partially protected against the impact of such differences through the matching of cash flows to currency borrowings.

**Interest rate risk**

As set out above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in

the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year. For the second and third year, interest rates are fixed within ranges of 30% to 70% and 0% to 40% of projected debt, respectively.

**Tax**

As a Group, we are committed to creating long-term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. This will enable us to grow the business and make significant investments in the Group and its operations.

We adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders, including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting our reputation.

In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group's Code of Business Conduct and Code of Ethics.

After many years of operations, the Group has numerous legacy subsidiaries across the world. Whilst some of these entities are incorporated in low-tax territories, Compass does not seek to avoid tax through the use of tax havens. Details of the Group's related undertakings are listed in note 35 to the consolidated financial statements.

In an increasingly complex international corporate tax environment, a degree of tax risk and uncertainty is, however, inevitable. Tax risk can arise from differences in interpretation of regulations, but most significantly where governments apply diverging standards in assessing intra-group cross-border transactions. This is the situation for many multinational organisations. We manage and control these risks in a proactive manner and, in doing so, exercise our judgement and seek appropriate advice from relevant professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.

### Risks and uncertainties

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Group and its shareholders in a constantly changing environment.

The principal risks and uncertainties facing the business and the activities the Group undertakes to mitigate these are set out on pages 24 to 28.

### Related party transactions

Details of transactions with related parties are set out in note 31 to the consolidated financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

### Going concern

The factors considered by the directors in assessing the ability of the Group and parent company to continue as a going concern are discussed on page 134.

The Group has access to considerable financial resources, together with longer-term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well-placed to manage its business risks successfully.

Based on the assessment discussed on page 134, the directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for at least the period to 31 March 2024. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



**PALMER BROWN**  
Group Chief Financial Officer

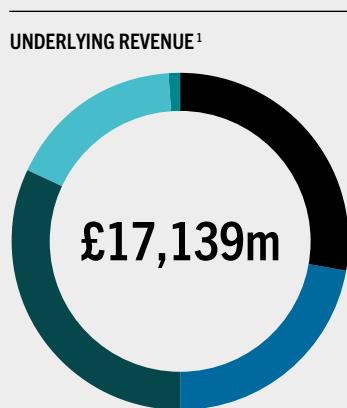
21 November 2022



## REGIONAL REVIEWS

# REGIONAL REVIEWS

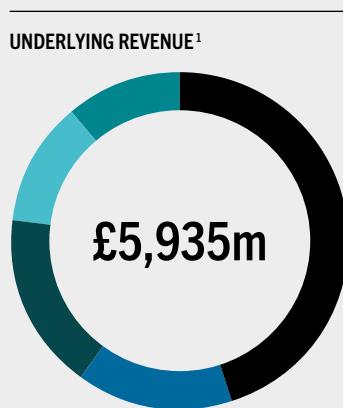
## NORTH AMERICA



	28%
Business & Industry	
Education	22%
Healthcare & Senior Living	32%
Sports & Leisure	17%
Defence, Offshore & Remote	1%

APM	KPI
UNDERLYING OPERATING PROFIT <sup>1</sup>	7.2%
2021: £607m <sup>2</sup>	2021: 5.4%

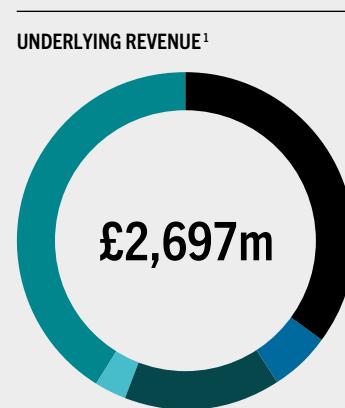
## EUROPE



	45%
Business & Industry	
Education	15%
Healthcare & Senior Living	17%
Sports & Leisure	12%
Defence, Offshore & Remote	11%

APM	KPI
UNDERLYING OPERATING PROFIT <sup>1</sup>	5.0%
2021: £147m	2021: 3.2%

## REST OF WORLD



	35%
Business & Industry	
Education	6%
Healthcare & Senior Living	15%
Sports & Leisure	3%
Defence, Offshore & Remote	41%

APM	KPI
UNDERLYING OPERATING PROFIT <sup>1</sup>	5.2%
2021: £130m	2021: 5.6%

## Financial summary

Revenue	Underlying <sup>1</sup>		Change <sup>1</sup>		
	2022	2021	Reported rates	Constant currency	Organic
North America	£17,139m	£11,170m	53.4%	43.7%	44.1%
Europe	£5,935m	£4,641m	27.9%	32.3%	31.8%
Rest of World	£2,697m	£2,325m	16.0%	15.4%	14.8%
<b>Total</b>	<b>£25,771m</b>	<b>£18,136m</b>	42.1%	37.5%	37.5%

## Operating profit

North America	£1,236m	£607m <sup>2</sup>	103.6%	91.0%	92.1%
Europe	£299m	£147m	103.4%	112.1%	112.1%
Rest of World	£141m	£130m	8.5%	6.0%	5.4%
Unallocated costs	£(86)m	£(73)m			
<b>Total</b>	<b>£1,590m</b>	<b>£811m</b>	96.1%	87.5%	88.5%

Operating margin	Underlying <sup>1</sup>		Change <sup>1</sup>		
	2022	2021			
North America	7.2%	5.4%	180bps		
Europe	5.0%	3.2%	180bps		
Rest of World	5.2%	5.6%	(40)bps		
<b>Total</b>	<b>6.2%</b>	<b>4.5%</b>	170bps		

## Key

**APM** Alternative Performance Measure (APM) (see pages 192 to 199)    **KPI** APM which is also a Key Performance Indicator (see page 9)

1. The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

2. Re-presented to reflect the change in the definition of regional underlying operating profit to include the share of results of associates (£1m loss).

	Statutory		Change
	2022	2021	
<b>Revenue</b>	<b>£17,121m</b>	<b>£11,149m</b>	53.6%
<b>£5,694m</b>	<b>£4,434m</b>	28.4%	
<b>£2,697m</b>	<b>£2,325m</b>	16.0%	
<b>£25,512m</b>	<b>£17,908m</b>	42.5%	

	Statutory		Change
	2022	2021	
<b>£1,183m</b>	<b>£560m</b>	111.3%	
<b>£267m</b>	<b>£(62)m</b>	530.6%	
<b>£137m</b>	<b>£120m</b>	14.2%	
<b>£(87)m</b>	<b>£(73)m</b>		
<b>£1,500m</b>	<b>£545m</b>	175.2%	

## North America

### Underlying

Full-year organic revenue growth was 44%, with revenue at 109% of 2019 levels, and 119% in the fourth quarter. Net new business growth was 9.0% reflecting both strong new business wins and continued high retention at 97.1%. Growth was broad based across all sectors, with strong wins from first-time outsourcing.

Our Business & Industry sector, along with Sports & Leisure, benefited from continued volume recovery throughout the year, reflecting the return to the office and live events, together with higher per capita spend. Both sectors delivered strong double-digit net new business growth. Our Education sector, despite lapping strong reopening numbers last year, continued to rebuild volumes during the year and the resilient Healthcare & Senior Living business continued to perform strongly.



Volume growth, combined with our continued focus on efficiency and cost control, delivered margin progression throughout the year. Full-year margin increased by 180bps to 7.2%, with margin in the second half of the year improving by 40bps to 7.4%. Operating profit was £1,236 million, which represents 91% growth on a constant-currency basis.

### Statutory

Statutory revenue increased by 54% to £17,121 million reflecting the continued recovery from the pandemic and favourable exchange translation.

Statutory operating profit was £1,183 million, a £623 million increase, due to the stronger revenue, improved margin and favourable exchange translation.

## Europe

### Underlying

Organic revenue grew by 32%, with net new business growth of 5.6%, driven by double-digit new business and a 160bps improvement in retention to 95.3%. Encouragingly, net new business growth accelerated in the second half of 2022 driven by improving trends in the UK, France and Germany. Overall, revenue for the year was 98% of 2019 levels, and 109% in the fourth quarter, reflecting the recovery in Business & Industry and Sports & Leisure.



With good volume recovery and higher growth, operating profit more than doubled to £299 million, with margin increasing by 180bps to 5.0%. Despite the progressively challenging macroeconomic environment and increased new business mobilisation, margin increased by 100bps between the first and second half of the year to 5.5%.

The region invested in several bolt-on acquisitions to enhance their offer, especially in the Sports & Leisure sector, and to drive procurement efficiencies. In March, the Group exited Russia and, following the year end, divested of four businesses in Central and Eastern Europe.

### Statutory

Statutory revenue was £5,694 million, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

The statutory operating profit of £267 million represents a £329 million improvement on 2021 reflecting the improved trading performance and higher non-underlying charges in relation to acquisition and resizing activity in the prior year.

## Rest of World

### Underlying

The 15% organic revenue increase in our Rest of World region reflects net new business growth of 3.6% and double-digit like-for-like volume growth, driven by good levels of pricing, especially in Latin America. Retention improved to 94.5% and revenues were 100% of 2019 levels, with the fourth quarter at 113%. With a higher exposure to the more defensive sectors of Healthcare and Defence, Offshore & Remote, the region had lower volume recovery as it was less impacted by the pandemic.

During the year, several large markets continued with localised lockdowns and border closures which increased operational challenges and wage inflation. As a result, whilst operating profit was £141 million, an increase of 6% on a constant-currency basis, operating margin declined by 40bps to 5.2% for the full year, reflecting these challenges. However, in the second half, margin was 5.6%, a 90bps improvement on the first half of the year.

### Statutory

Statutory revenue increased by 16% to £2,697 million. There is no difference between statutory and underlying revenue.

Statutory operating profit was £137 million, an increase of £17 million reflecting the improved trading performance and £8 million of COVID-19 resizing costs in the prior year.



## RISK MANAGEMENT

# IDENTIFYING AND MANAGING RISK

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in a constantly changing environment.

Risk management is an essential element of business governance. The Group has risk management policies, processes and procedures in place to ensure that risks are properly identified, evaluated, and managed at the appropriate level.

The identification of risks and opportunities, the development of action plans to manage those risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

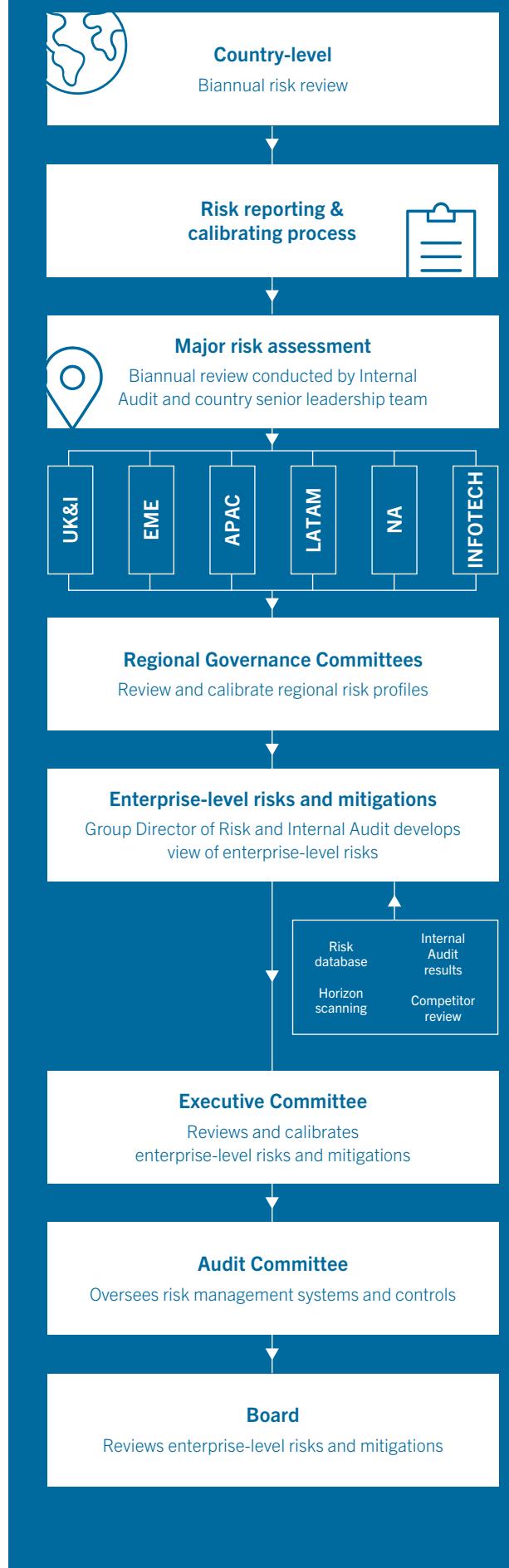
In compliance with provision 28 of the UK Corporate Governance Code 2018 (the Code), the Board has conducted a robust assessment of the Company's emerging and principal risks. The following pages set out the Board's approach to assessing and mitigating risk, the principal risks of the Company and the procedures in place to identify emerging risks.

## Risk management framework

The Board has overall responsibility for risk management. This includes the establishment of policies and procedures to manage risk, overseeing the internal control framework, reviewing the nature and extent of the principal risks, setting risk appetite and embedding a culture of risk management throughout the business.

The Board has approved a risk management policy. The Group operates a formal risk management process in accordance with this policy, under which the Group's principal risks (set out on pages 24 to 28) are assessed and prioritised biannually. In accordance with the guidance set out in the FRC's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014 and in the Code, this process has been in place for the financial year under review. These systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, safeguard the Group's assets against material loss, fairly report the Group's performance and position, and ensure compliance with relevant legislation, regulation and best practice including that related to social, environmental and ethical matters. These systems provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board delegates aspects of risk management, with the Executive Committee responsible for the day-to-day management of significant risk, and the Audit Committee responsible for the oversight of Compass' risk management systems and internal financial controls. The Group Director of Risk and Internal Audit maintains the risk management framework including the risk policy. The Audit Committee annually reviews the effectiveness of the Group's approach to risk management and any changes to the risk policy and recommends the principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval. The Audit Committee's report is on pages 74 to 78.



Risks and the corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. Risk updates are integral to periodic management reviews and are regularly reviewed by the Regional Governance Committees and the Executive Committee. A critical component of the risk review process is the dynamic identification of emerging and developing risks at a country, regional and Group level. This bottom-up and top-down approach provides a comprehensive assessment of the key risks facing the Group. The findings of the risk reviews, including the principal risks and any developing trends, are reported to and considered by the Board twice a year.

Risks are considered at gross and net levels. This allows the impact of the risk and likelihood of its occurrence both before and after controls and mitigations to be assessed. Risk management plans are developed for all significant risks. They include a clear description of the nature of the risk, quantification of the potential impact and likelihood of occurrence, the owners for each risk, and details of the controls and mitigations in place, proportionate to the risk, and in line with the Company's business. The identification and assessment of climate-related risks and opportunities are incorporated within the risk management process. All country operating units are mandated to consider climate-related risks and opportunities. These are assessed in terms of % profit before interest and tax (PBIT) impact in accordance with the criteria set out in the Board-approved risk management policy. All country and Group level risks are assigned risk owners and, together with the mitigations, are recorded in the central risk reporting system.

Group companies also submit biannual risk and internal control assurance letters to the Group CFO on internal control and risk management issues, with comments on the control environment within their operations. The Chair of the Audit Committee reports to the Board on any matters arising from the Committee's review of how the risk management and internal control processes have been applied.

The Audit Committee keeps under review the adequacy and effectiveness of the Company's and Group's internal financial controls and risk management systems. These are discussed in further detail in the Audit Committee Report on pages 74 to 78.

### Risk appetite

The Board interprets risk appetite as the level of risk that the Company is willing to take to meet its strategic objectives. The Board's attitude to and appetite for risk are communicated to the Group's businesses through the strategy planning process and the internal risk governance and control frameworks. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit that has greatly contributed to the Company's success is not inhibited.

In assessing risk appetite, the Board reviews the three-year business plan and associated strategic risks. Risk appetite for specific financial risks such as funding and liquidity, credit, counterparty, foreign exchange and interest rate risk are set out in the Board approved treasury policies. Compliance with legal and regulatory requirements, such as those contained in the Companies Act, health and safety and other risk-specific legislation is mandatory.

### New and emerging risks

The Board has established processes for identifying emerging risks, and horizon scanning for risks that may arise over the medium to long term. Emerging and potential changes to the Group's risk profile are identified through the Group's risk management framework and through direct feedback from management, including in regard to changing operating conditions, and market and consumer trends.

As announced in Compass' half year results, geopolitical tension, in particular the conflict between Russia and Ukraine, has been recognised as a new principal risk due to the national security threat to countries, particularly in Europe and NATO, and the disruption to the global energy market which has contributed to the elevation of the existing cost inflation, economic and cyber security risks. The Board continues to monitor the situation carefully with the safety and security of colleagues front of mind. In March, Compass permanently exited the Russian market and moved away from all known Russian suppliers. Compass continues to manage inflation risks by sharing best practice across the Group to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity through the increased use of technology. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients. Compass is cognisant of changes in the macroeconomic environment such as pressure on food commodity prices, fuel and labour, and the inflationary impact these bring to the business. The macroeconomic environment is kept under evaluation through regular business reviews, which provide the agility to flex contracts and the operating model accordingly.

### Our principal risks

The principal risks and uncertainties facing the business at the date of this Report, and any changes to the status of these risks since last year, are set out on pages 24 to 28. These have been subject to robust assessment and review.

They do not, however, comprise all the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management, or which are considered to be remote or are deemed to be less material at the date of this Report, may also have an adverse effect on the Group.

### Pandemic COVID-19

The pandemic risk continues to represent a principal risk to the Group. Lessons have been learned from the business' response to COVID-19 and these have been incorporated into risk management processes and procedures to mitigate the impact of this risk as far as possible in the event of further outbreaks of COVID-19, or another pandemic. The Group will continue to monitor recurrences of COVID and retains the ability to adapt its service offering, apply relevant health and safety precautions and deploy resources as necessary.

### Other principal risks

The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks, as well as some wider risks, for example, environmental and reputational.

All risks disclosed in previous years can be found in the annual reports available on our website, [www.compass-group.com](http://www.compass-group.com). These risks remain important to the business and are kept under regular review. However, the disclosures on pages 24 to 28 focus on risks currently considered to be more significant to the Group.

## RISK MANAGEMENT CONTINUED

# PRINCIPAL RISKS

Key		Link to  See page 13									
People	Performance	Increased risk	1 Client sales and marketing	4 In-unit costs							
Performance	Performance	Static risk	2 Consumer sales and marketing	5 Above-unit overheads							
Purpose	Performance	Decreasing risk	3 Cost of food								
<b>NEW</b>		New risk									
Risk	Description		Mitigation								
<b>CLIMATE CHANGE AND SUSTAINABILITY</b>											
<b>Climate change</b>	 <b>Trend</b>  2022 <b>NEW</b> 2021		<p>The impact of climate change on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation.</p> <p>The Group continues to focus on evaluating its exposure to climate change and seeks to identify potential future issues early so that sourcing and operations can be adjusted, and menus adapted appropriately. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas emissions (GHG). Compass has targeted climate net zero GHG emissions by 2050 alongside validated science-based targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement. Based on the scenario analysis carried out in relation to TCFD, we believe the risks do not have the potential to have a material impact on the Group. The TCFD disclosures for 2022 are set out on pages 43 to 50.</p>								
<b>Social and ethical standards</b>	 <b>Trend</b>  2022 <b>NEW</b> 2021		<p>Compass relies on its people to deliver great service to its clients and consumers and recognises that the welfare of employees is the foundation of its culture and business. Compass remains vigilant in upholding high standards of business ethics with regard to human rights and social equality.</p> <p>To enhance its ability to counter risks to its businesses and supply chains from modern slavery, Compass has focused on the areas where its human rights strategy can have the greatest impact. This has been done through the Human Rights Working Group, the engagement of external specialist advisers, the Group's Modern Slavery eLearning tools and ongoing work to strengthen and improve the Group's human rights due diligence through supplier evaluation and labour agency reviews.</p>								
<b>HEALTH AND SAFETY</b>											
<b>Health and safety</b>	 <b>Trend</b>  2022  2021		<p>Compass feeds millions of consumers and Group companies employ hundreds of thousands of people around the world every day. For that reason, setting the highest standards for food hygiene and safety is paramount.</p> <p>Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to the Company's reputation.</p> <p>Management meetings throughout the Group feature a health and safety update as one of their first substantive agenda items.</p> <p>Health and safety improvement KPIs are included in the annual bonus plans for each of the businesses' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards.</p> <p>The safety and quality of the Group's global supply chain are assured through compliance with a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.</p> <p>Further mitigations in place include Global Operational Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.</p>								

Risk	Description	Mitigation
<b>HEALTH AND SAFETY CONTINUED</b>		
<b>Pandemic COVID-19</b>  Trend  2022  2021	<p>The Group's operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures, but Compass has recovered well and learned from the pandemic. As a result, the risk has declined. Further outbreaks of the virus, or another pandemic, could cause further business risk.</p>	<p>Operations and working practices have been adjusted to retain the skills and experience of colleagues and provide flexibility in the event of a resumption of containment measures.</p> <p>To protect the Group's employees, clients and consumers, enhanced health and safety protocols and personal protective equipment requirements and guidelines, hygiene requirements and site layout solutions, developed in consultation with expert advisers and with our clients, have been adopted accordingly.</p> <p>Careful management of the Group's cost base and robust measures to protect the Group's liquidity position have ensured that we remain resilient and well placed to take advantage of appropriate opportunities as they arise.</p> <p>Robust incident management and business continuity plans are in place and are being monitored for effectiveness and regularly reviewed to reflect best practice.</p>
<b>PEOPLE</b>		
<b>Recruitment</b>  Trend  2022  2021	<p>Failure to attract and recruit people with the right skills at all levels could limit the success of the Group.</p> <p>The Group faces resourcing challenges in some of its businesses in some key positions due to labour shortages and a lack of industry experience amongst candidates, appropriately qualified people and the seasonal nature of some of Compass' businesses.</p>	<p>The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation, improved use of technology such as apps and social media, targeted recruitment, and training and development programmes.</p>
<b>Retention and motivation</b>  Trend  2022  2021	<p>Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long-term success of the Group.</p> <p>The current economic conditions may increase the risk of attrition at all levels of the organisation.</p> <p>Potential business closures resulting from further COVID-19 lock downs or other social distancing controls may significantly impact the Group's workforce in affected regions.</p>	<p>The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support its best people.</p> <p>The Group has a number of well-established initiatives, which help to monitor levels of engagement and to respond to the needs of employees. Specifically, Compass has increased its local focus and employee support on mental health awareness, stress management and resilience to better equip its people in times of uncertainty and change.</p> <p>To protect its workforce, Compass applies measures available to it to retain as many of its skilled workforce as possible, including redeployment.</p>
<b>CLIENTS AND CONSUMERS</b>		
<b>Sales and retention</b>  Trend  2022  2021	<p>The Group's businesses rely on securing and retaining a diverse range of clients.</p> <p>The potential loss of material client contracts in an increasingly competitive market is a risk to Compass' businesses.</p> <p>Reduced office attendance, closure of client sites and fewer site visitors as a result of the ongoing impact of COVID-19 and related variants may impact revenues in affected sectors.</p>	<p>Compass has strategies that strengthen its long-term relationships with its clients and consumers based on quality, value and innovation.</p> <p>The Group's business model is structured so that it is not reliant on one particular sector or group of clients.</p> <p>Technology is used to support the delivery of efficiencies and to contribute to growth through, for example, cashierless and cashless payment systems and the use of artificial intelligence. This is beneficial to clients and consumers and positively impacts retention and new business wins.</p> <p>Compass continues to focus on financial security and safety. In today's environment, these are key strengths for clients.</p> <p>Contracts may be renegotiated. There is continued focus on retention and new sales and the use of technology and innovative client solutions.</p>

## RISK MANAGEMENT CONTINUED

Risk	Description	Mitigation
<b>CLIENTS AND CONSUMERS CONTINUED</b>		
<b>Service delivery, contractual compliance and retention</b>  Trend  2022  2021	<p>The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims.</p>	<p>Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.</p>
<b>Competition and disruption</b>  Trend  2022  2021	<p>The Group operates in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market.</p> <p>Ongoing structural changes in working and education environments may reduce the number of people in offices and educational establishments.</p> <p>The emergence of new industry participants and traditional competition using disruptive technology could adversely affect the Group's businesses.</p>	<p>Compass aims to minimise this and to respond to new market and consumer food services trends by continuing to promote its differentiated propositions and by focusing on its strengths, such as flexibility in the cost base, quality, value of service and innovation.</p> <p>Harnessing knowledge and experience and continuing to invest in technology helps to counter any potential risk and to capitalise on the opportunities created.</p> <p>Compass continues to evolve its offer to increase participation rates and service sites of different sizes.</p> <p>The business is able to adapt to changes in the service provision environment and where possible take advantage of changes in the market. By leveraging its expertise and technology Compass is able to differentiate its food services offer. For example, investments in SmartQ, EAT Club and Feedr have given Compass platforms that allow it to pivot food operations according to changing client and consumer demands.</p>
<b>ECONOMIC AND POLITICAL ENVIRONMENT</b>		
<b>Geopolitical</b>  Trend  2022	<p>At the half year, Compass recognised geopolitical tensions, including the conflict between Russia and Ukraine as a new principal risk. The conflict has heightened national security threats to countries, particularly in Europe and NATO and its disruption to the global energy market has contributed to the elevation of the existing cost inflation, economic and cyber security risks.</p>	<p>As a Group, Compass is monitoring the situation closely with the safety and security of the Group's employees front of mind. In March, Compass permanently exited the Russian market and moved away from all known Russian suppliers. The Group continues to manage inflation risks by sharing best practice across the Group to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling, and productivity by the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p>
<b>Economy</b>  Trend  2022  2021	<p>Sectors of Compass' business could be susceptible to adverse changes in economic conditions and employment levels.</p> <p>Continued worsening of economic conditions has increased the risk to the businesses in some jurisdictions.</p>	<p>As part of Compass' strategy, the Group is focused on productivity and purchasing initiatives which help to manage the cost base. During adverse conditions, if necessary, actions can be taken to reduce labour costs and action plans have been implemented to protect profitability and liquidity.</p>

Risk	Description	Mitigation
<b>ECONOMIC AND POLITICAL ENVIRONMENT CONTINUED</b>		
<b>Cost inflation</b>	<p>At Compass, the objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the US and UK, or the cost of food, could constitute a risk to our ability to do this.</p> <p>Trend ➡ 2022 ➡ 2021</p>	<p>As part of the MAP framework and by sharing best practice across the Group, Compass seeks to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and by the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p>
	<p>Increases in inflation continue to intensify cost pressures in some locations.</p>	<p>It is anticipated that the cost action programmes and continued oversight of supply chain costs will assist in taking appropriate action to mitigate the risks in this area.</p>
<b>Political instability</b>	<p>Compass is a global business operating in countries and regions with diverse economic and political conditions. Operations and earnings may be adversely affected by political or economic instability.</p> <p>Trend ➡ 2022 ➡ 2021</p>	<p>The Group remains alert to future changes presented by emerging markets or fledgling administrations and tries to anticipate and contribute to important changes in public policy.</p> <p>Where possible, Compass seeks to absorb price increases through operational efficiencies. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p> <p>Recruitment and retention strategies are also in place to mitigate any impact on labour supply.</p> <p>Compass remains vigilant to changes in political stability in local jurisdictions and retains the flexibility to take appropriate mitigating action as necessary.</p>
<b>COMPLIANCE AND FRAUD</b>		
<b>Compliance and fraud</b>	<p>Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation, its performance and/or a reduction in the Company's share price and/or a loss of business. It could also lead to criminal action, sanction or other litigation being brought against the Company, its directors or Executive management.</p> <p>Companies face increased risk of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct both internally and externally, due to financial and/or performance pressures and significant changes to ways of working.</p>	<p>The Group's zero tolerance-based Code of Business Conduct and Code of Ethics continue to govern all aspects of its relationships with its stakeholders. Compass operates a continuous improvement process as part of the Group's Ethics and Integrity programme to enhance and strengthen its culture of integrity, sharing insights and emerging trends between regional and country management teams.</p> <p>The Group undertakes a robust risk management assessment that helps properly identify major risks and ensures the internal control framework remains effective through regular monitoring, testing and review. Regulatory and compliance risks are included in this process to enable visibility and planning to address them.</p>
		<p>A strong culture of integrity is promoted through Compass' Ethics and Integrity programme and its independently operated Speak Up, We're Listening helpline and web platform. All alleged breaches of the Codes, including any allegations of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct, are followed up, investigated and dealt with appropriately.</p>
		<p>Regulation and compliance risk is also considered as part of the annual business planning process.</p>
		<p>Our Ethics and Integrity eLearning platform provides increased engagement on key regulatory and ethics and integrity topics for Group employees and clear communication of standards and expectations. Internal Audit regularly reviews internal controls and analyses financial transactions to mitigate the risk of error or fraud.</p>

## RISK MANAGEMENT CONTINUED

Risk	Description	Mitigation
<b>COMPLIANCE AND FRAUD CONTINUED</b>		
<b>International tax</b>  Trend □ 2022 ■ 2021	<p>The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. The need to raise public finances to meet the cost of the COVID-19 pandemic is likely to cause governments to consider increases in tax rates and other potentially adverse changes in tax legislation, and to renew focus on compliance for large corporates.</p>	<p>Compass seeks to plan and manage its tax affairs efficiently in the jurisdictions in which the Group's businesses operate. Compass acts in compliance with relevant laws and disclosure requirements.</p> <p>Compass manages and controls these risks in a proactive manner and in doing so exercises judgement and seeks appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.</p> <p>The Group proactively manages its tax arrangements in accordance with various government-led initiatives and ensures compliance is achieved by putting robust processes and controls in place, including third-party support and review.</p>
<b>Information systems and technology</b>  Trend □ 2022 ■ 2021	<p>The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data and damage to brand reputation through, for example, the increased and instantaneous use of social media.</p> <p>Disruption caused by the failure of key software applications, security controls or underlying infrastructure could delay day-to-day operations and management decision making.</p> <p>The incidence of sophisticated phishing and malware attacks on businesses is rising with an increase in the number of companies suffering operational disruption and loss of data.</p> <p>The increase in remote working, and the Russia / Ukraine conflict has led to an increase in the risk of malware and phishing attacks across all organisations.</p>	<p>Compass continually assesses its cyber risk and manages the maturity of its enterprise infrastructure, platforms and security controls to ensure that it can effectively defend against any current or future cyber-attacks.</p> <p>Appropriate crisis management procedures are in place to handle issues in the event of defences being breached. This is supported by using industry standard tooling, experienced professionals and partners and regular compliance monitoring to evaluate and mitigate potential impacts.</p> <p>The Group relies on a variety of digital and technology platforms to manage and deliver services and communicate with its people, clients, consumers and suppliers. Compass' decentralised model and infrastructure help to mitigate propagation of attacks across the Group's technology estate.</p> <p>Compass continues to be focused on the need to maximise the effectiveness of its information systems and technology as a business enabler. As such, the Group has increased its investment in technology and people in order to strengthen its platforms and enhance its cyber security defences to mitigate the risk of technology failure and data loss.</p> <p>Configuration changes have been implemented to block phishing emails, awareness campaigns have been increased and cyber training provided to help employees identify these types of attacks.</p> <p>IS&amp;T controls and risks are assessed as part of the Group's formal governance processes and are reviewed by the Audit Committee on a regular basis.</p>

# VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the Group's viability, considering its current trading performance, financial position, financing, strategic plan and principal risks.

## Business prospects

The Board has considered the long-term prospects of the Group based on its business model, strategy and markets as set out on pages 2 to 8. Compass is a global leader in food services and the geographical and sector diversification of the Group's operations helps to minimise the risk of serious business interruption or catastrophic damage to its reputation. The Group's business model is structured so that it is not reliant on one group of clients or sector. The Group's largest client constitutes 2% of underlying revenue, with the top 10 clients accounting for 10%.

## Assessment

The directors have determined that a three-year period to 30 September 2025 is an appropriate period over which to provide its viability statement on the basis that it is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of the Group's contracts (three to five years). The directors believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer-term outlook.

The Board's assessment of the Group's viability comprises the following business processes:

- **Risk management process:** The Group operates a formal risk management process under which the Group's principal risks are assessed and prioritised biannually. Risks and corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. The findings of the risk reviews, including the principal risks and any developing trends, are reported to the Board twice a year. In making its viability assessment, the Board carried out a robust evaluation of the principal risks facing the Group (see pages 24 to 28), including those that would threaten its business model, future performance, solvency or liquidity.
- **Strategic planning process:** The Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. Current-year business performance is reforecast during the year. The plan is reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the Executive team. The Board's role is to consider the appropriateness of key assumptions, considering the external environment and business strategy. The most recent three-year plan was approved by the Board in November 2022.
- **Headroom and covenant analysis:** At 30 September 2022, the Group had £2.0 billion of undrawn committed bank facilities, which mature in August 2024 (£140 million) and August 2026 (£1,860 million), and £1.7 billion of cash net of overdrafts. Term debt maturities in the three-year period total £2.0 billion, of which £0.7 billion was pre-financed with bond issues in September 2022. Based on the forecast cash flows in the strategic plan, the

remainder of the maturing debt is expected to be refinanced during the three-year period to 30 September 2025 to maintain the desired level of headroom.

A reverse stress test has been undertaken to identify the circumstances that would cause the Group to breach the headroom against its committed facilities or the financial covenants on its USPP debt. The reverse stress test, which removes discretionary M&A expenditure and share buybacks as mitigating actions, shows that underlying EBITDA<sup>1</sup> would have to reduce by more than 60% of the strategic plan level throughout the three-year assessment period before the leverage covenant is reached. The refinancing requirement is not accelerated given the strong liquidity position of the Group.

The principal risks that would have the most significant impact on the Group's business model, future performance, solvency or liquidity are further outbreaks of COVID-19 or another pandemic and associated containment measures, geopolitical tensions, economic conditions and food and labour cost inflation and these, together with the other principal risks identified on pages 24 to 28, have been considered as part of the viability assessment. Specific scenarios based on the principal risks have not been modelled on the basis that the level of headroom to absorb the occurrence of such risks is substantial and there is a range of other actions available that could be implemented to mitigate the potential impact.

Substantial mitigating actions were identified and implemented as part of the Group's COVID-19 pandemic response in 2020, including reducing capital expenditure, resizing the cost base, renegotiating client contracts, pausing M&A activity and shareholder returns, raising equity, negotiating covenant waivers and securing additional committed funding.

In the event that the financial covenants were to come under pressure, mitigating actions include repaying the loan notes from available liquidity, or refinancing, in advance of their maturity or negotiating covenant waivers. The Group's long-term (A/A3) and short-term (A-1/P-2) credit ratings and well-established presence in the debt capital markets provide the directors with confidence that the Group could raise additional debt finance if required.

## Conclusion

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 September 2025.



**PALMER BROWN**  
Group Chief Financial Officer

21 November 2022

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

# PEOPLE

## THE LEADERSHIP ACADEMY, COMPASS GROUP AUSTRALIA

Developing future leaders and retaining top talent is crucial to our strategy for growth. In 2021, Compass Group Australia launched the Leadership Academy, which gives the business a competitive edge by developing leaders at all levels. Its founding vision is to ensure that every Compass Group Australia employee can grow and develop their career and is led by a capable leader. The Academy, which has the potential to be replicated in all our markets, has put over 300 leaders

through its Leadership Induction programme, and over 70 managers are currently on the newly launched Operational Coaching programme. As well as producing successful campaigns such as Compass Has Talent, which identifies future leaders and removes barriers, the Academy is also improving safety performance for our employees, clients and consumers. It is a prime example of an initiative that enhances our performance and serves our purpose.



## 300+

leaders completed the Academy's Leadership Induction programme

## 51%

female representation on the Academy's Leadership Induction programme

### People strategic pillars



## OUR PEOPLE

## OUR PEOPLE ARE AT THE HEART OF WHO WE ARE AND WHAT WE DO.

### Creating lifetime opportunities for all

Compass is uniquely positioned to create lifetime opportunities and to positively impact and represent the communities in which its businesses operate, creating empowered teams by developing diverse talent and leaders who foster an inclusive culture that enables everyone to be themselves.

People are essential to our strategy for growth. They are at the heart of how we win and why we win, and their health and safety is our number one priority. Together with our caring, winning culture and robust MAP framework, our people differentiate us from our competitors.

### Empowered teams

Our businesses empower their teams to deliver and make decisions using training, tools and knowledge. Overall, this year, approximately 194,000 employees worldwide have been inducted and onboarded by Compass Group companies to support growth and the reopening of client sites.

We have continued to deliver our core development training programmes Mapping for Value and Mapping for Action, to reinforce our use of the MAP framework within our leadership and operational teams respectively.

Around 4,000 employees across the Group have completed Mapping for Value and around 14,000 employees have participated in Mapping for Action.

Partnering with the Human Library we build greater insight and empathy in our leadership teams, and this year, we hosted our first face-to-face event in Norway for 40 EME Academy participants.



**DEBORAH LEE**  
Group Chief People Officer

We are committed to leading the way and providing a genuine career path within hospitality. For example, in 2021 our UK&I business launched Career Pathways. This articulates the skills, experiences and learning colleagues need to progress to more senior roles or move across the key disciplines: culinary, service, facilities, and central functions.

Empowerment requires listening to the ideas and experiences of our people and helping them thrive. We are proud that Compass Group North America has improved new hires' experience, enabling candidates to apply for a role in just under two minutes through chat, using SMS text on any device, and has increased diversity by focusing on internal promotions.

Compass Group Germany has developed the Eurest Chef Academy, with 50 employees taking part each year. This 16-month in-service training programme enables participants to become cooks certified with Germany's Chamber of Industry and Commerce. Over 60% of participants in the Academy are female.

### Diverse talent

As part of our commitment to inclusion for all, we endeavour to harness the talents of our diverse workforce across every level of the organisation. We are proud to create environments that welcome people of all cultures, identity and background where all of our colleagues can be themselves.

In September our US business celebrated the innovative 25 year partnership with Thompson Hospitality. For a quarter of a century, Compass and Thompson have been enhancing and expanding experiences for our clients, partners and each other. The partnership's key pillars of supplier diversity, employee opportunity, client service and community, have all positively impacted our culture and the communities we serve.

Over 8,000 colleagues have participated in Compass Group North America's many Diversity, Equity and Inclusion (DE&I) events this year. In July, the region's second annual Be The Difference conference championed diverse teams across North America and was attended by over 2,000 employees from all sectors.

Our UK&I business demonstrates leadership commitment to diversity with its reverse mentoring programme, which partners senior leaders with colleagues from ethnically diverse backgrounds across the business to share knowledge and deepen mutual understanding.

Planète Chef, run by Compass Group France, enables potential employees to apply without a CV for a two-year training programme to qualify as a chef supplemented with additional skills training in the French language, literacy and numeracy.

Our work has continued at pace on developing, retaining and promoting our female talent. In UK&I, 58% of all promotions during the year were female with approximately 13% of the workforce promoted. 53% of promotions of salaried staff in the US were female.

The Women in Food community, launched in 2016 to support female chefs, continued to grow, with many of our Women in Food ambassadors providing world-class service at the 2022 UEFA European Women's Football Championship. Levy UK&I brought a team together made up of almost 800 women to provide world-class catering and hospitality to eight matches at the tournament, held in the UK. They were joined by Compass Healthcare and Chartwells colleagues from the UK&I business, a team which included chefs, nutritionists, operations, front-of-house colleagues and Compass' and Chartwells' chef partner, writer and broadcaster Allegra McEvedy MBE.

## OUR PEOPLE CONTINUED

**Chef Appreciation Week**

Our great chefs and culinary teams are the heart of Compass and our industry. Now in its ninth year, Chef Appreciation Week is celebrated by our businesses across the world to recognise and thank all those people who keep our clients and consumers happy, nourished and healthy.

This year, our businesses shone a light on those who make a real impact on their local community: from our colleagues in Europe and the Middle East, who hosted the EME Culinary Cup final, to Compass Group North America, which created a sector-wide video showing appreciation to our chefs from the clients' point of view. Other initiatives included:

- in Australia, a Bush Tucker how-to guide was created to encourage colleagues to incorporate native ingredients into their cooking
- in the UAE, a kitchen garden was established in Dubai, where 15 different varieties of produce were grown and incorporated into daily menus
- in Spain, a new generation of chefs was inspired through a partnership with the Higher Culinary Training Centre, giving students the opportunity to learn the essentials of food service
- in the UK&I, NHS chefs continued to be inspired by new skills, ideas and recipes, thanks to a series of Chef's Academy events delivered across the country

Building on these successes, we also launched a global culinary forum, enabling our talented chefs to better share their expertise, which is so valued by our clients.

We would like to take this opportunity to thank all our frontline chefs and culinary leaders who invest in their teams and champion sustainability, diversity and inclusion whilst serving our clients and consumers.

Compass Group Turkey established a Leader Women's Network, bringing together 25 above-unit female managers from across the country to define the needs of the business in gender diversity. The business also facilitates the career development of talented women in its kitchens and other operational positions, helping them grow into roles of responsibility and leadership.

In July, our Chicago-based Foodworks business launched the IGNITE programme, which offers grants to women and minority owned business partners throughout the US.

**2022 Female Representation**

	2022 <sup>1</sup>	2021
Board	<b>33%</b>	36%
Executive Committee	<b>40%</b>	33%
Senior Leaders	<b>37%</b>	35%
All Management	<b>46%</b>	46%
Total Workforce	<b>57%</b>	57%

1. Figures stated as at 30 September 2022.

2. The gender breakdown disclosures required in the Strategic Report pursuant to section 414C(8)(c) of the Companies Act 2006 are made on page 116, and are incorporated by reference into the Strategic Report.

**Connected leaders**

Creating lifetime opportunities for all begins with leaders connected to our people, clients, and each other, working together to learn and improve. Underpinning all leadership development programmes is the ambition to develop leaders who create a culture of inclusion so that everyone in the business can be themselves and perform to the best of their abilities.



## PROTECTING AND PROMOTING EMPLOYEES' MENTAL HEALTH SHOULD ALWAYS BE A PRIORITY FOR ALL RESPONSIBLE BUSINESSES.

Supporting our leaders to be better is a competitive advantage. This year, our global leadership conference in London brought many of our leaders together, in person, for the first time since before the pandemic, allowing us to share invaluable insights and innovations that will help us achieve our growth aspirations. The event also highlighted the remarkable talent, creativity and expertise of our chefs, some of whom attended and catered the event.

Forward with Marcus Wareing is a new training programme open to culinary leaders in our UK&I business, designed to build skills, grow knowledge and expand their imagination. Any senior culinary leader can apply, and Marcus Wareing is available to offer advice, encouragement and mentorship to participants.

Enhancing communication is critical to successful leadership. We use digital, social and engagement tools to connect our people, share leadership messages, and foster conversations on key topics. In the US, these tools have been used across different sectors to keep frontline staff connected. Employees share their thoughts and photos with their teammates; the topics are broad. Whether it's talking about the latest recipe to recognising National French Fry Day, sharing personal journeys and reflections for Pride month, or celebrating our DE&I pledge, every conversation matters and the forums are open to all who are interested.

In support of our commitment to respect, Compass Group Australia has been working to eliminate sexual harassment and discrimination in the workplace and broader communities by introducing its Respectful Behaviours programme. The programme won the Australian Resources & Energy Employer Association Mental Health and Wellbeing Award for its unique way of dealing with inappropriate behaviour, and for freely sharing this collateral with other sub-contractors to tackle this industry-wide issue.



### Health and wellbeing

We are enormously proud of how our Healthcare & Senior Living colleagues demonstrated our values and cared for people during the pandemic. Across the Group, we are committed to keeping people safe and healthy. Improving wellbeing at work is good for society, our organisation, our people and our clients. That is why many of our businesses provide access to comprehensive health and nutrition coaching, educational and wellness programmes, crisis helplines and support groups.

Protecting and promoting employees' mental health should always be a priority for all responsible businesses. This year, several educational events were held across the Group to help eradicate mental health stigma. These included sessions led by Dr Paul Litchfield, Compass' Chief Medical Adviser, to support our broader mission to build a supportive culture. Similarly, mental health first-aid training was provided across our European business.



### Compass Group UK&I's Social Promise

In June 2022, Compass UK&I launched its Social Promise, leading with its Mission to a Million campaign, which is looking to support one million people by 2030 through job creation, education, training, and community and charitable engagement.

The business wants to remove the barriers that many face regarding opportunity within and outside our organisation – particularly of gender, race, and those experienced by people from less advantaged and under-represented backgrounds.

Compass UK&I plans to improve employee representation, provide people with skills and progression opportunities, support the communities it operates in, and help the next generation by engaging with schools and advocating fairer pay for all.

Compass UK&I has an annual target for promotions, to improve diversity across middle and senior management gradually, and will track progression rates for employees of different genders and ethnicities to assess the strategy's impact. It is also continuing to deliver on its Real Living Wage commitment announced last year.

In 2022, our UK&I and North America businesses led the way in promoting all aspects of employee wellbeing through a comprehensive range of initiatives covering mental, physical, financial, and nutritional health. For example, in North America, Compass One Healthcare's Square One programme has aimed to better recognise employees for exceptional performance. Also by removing unnecessary tasks and providing tips for improving mental and physical wellness, it has helped employees achieve a better work-life balance.

In the UK&I, with the support of over 150 ambassadors, our colleagues have developed and launched an extensive YouMatter training programme for all line managers to help them recognise when someone may be suffering from anxiety or stress and to signpost support when needed.

14forty, Compass Group UK&I's specialist provider of integrated facilities management, won the Wellbeing Award at the 2022 Institute of Workplace and Facilities Management Awards. The award was given in recognition of various initiatives that encourage customers to make better food choices across client sites, including the launch of plant-based menus and partnerships with the University of Cambridge to trial exercise and calorie consumption labelling and the University of Oxford to trial eco-labelling.

## OUR PEOPLE CONTINUED



### Employee voice – engaging with our people

This year's global engagement survey heard the voices of over 144,000 colleagues, representing c.30% of our people globally. It included participation from 41 countries across the Group, with a 54% response rate (up from 48% in the previous global survey in 2019) indicating enhanced engagement overall.

Engagement scores held broadly steady at 4.0 (2019: 4.1), with the slight drop reflecting increased participation levels from previously lower-engaged countries. Over half of respondents said that COVID had impacted their ability to work and scores from these colleagues were generally lower than average. Despite this, 8 in 10 of our people agreed that we are committed to exceeding our clients' and consumers' expectations, while 80% of respondents agreed that the Company is committed to diversity and inclusion and felt part of a positive and caring team.

Overall, we were pleased that our engagement levels have broadly held at a time when our people's lives have been continually disrupted and unsettled by external factors. We know that what matters most to our people is to feel engaged and give their best. To ensure all our people feel part of our caring, winning culture, we must deliver on our commitments of Respect, Teamwork and Growth for everyone and continue in our mission to provide opportunities for all.

The Group CEO, Group CFO, and other Executive Committee members held several virtual townhalls with colleagues across the Group during the year. Similar forums have also been held at local and regional levels, with high participation rates.

Our Designated Non-executive director (NED) for workforce engagement, Irene Vittal, hosted roundtables in the year with employees from across the businesses. These roundtables provided excellent insight into broader employee sentiment and more information can be found on page 69.

A similar commitment to wellbeing is exemplified across our Rest of World markets. These businesses offer a comprehensive range of programmes to help their employees manage their mental health proactively and support them with various initiatives, from counselling services to financial guidance.

*Please see page 10 for more on Compass' commitment to health and safety.*

### Human rights

Human rights is a fundamental priority for our businesses globally.

We recognise the importance and responsibility of respecting human rights for all our employees within our own operations, those workers throughout our supply chain and the communities in which our businesses operate.

During the year, significant effort was dedicated to improving our policies, processes, training and awareness programmes. We continued to develop our knowledge and understanding of the principal human rights risks across the diverse and complex environment we operate in.

We recognise that raising awareness and training is vital in ensuring that our employees and leaders understand that all forms of modern slavery and/or exploitation are unacceptable. An online modern slavery training module was rolled out to approximately 13,000 leaders across all our countries. We also held targeted training sessions on human rights and modern slavery for our People and Procurement teams.

Our dedicated Human Rights Working Group was expanded to include representation from every region that Compass operates in and continues to be key to promoting our human rights and modern slavery strategy, the awareness of the principal risks, the sharing of best practice and helping embed our associated policies in the business.

We renewed our partnership with the Slave-Free Alliance. This anti-slavery social enterprise is acting as a 'critical friend' in helping us to improve our due diligence processes, address risk, and shape our broader human rights agenda.

In June 2022, we partnered with the Earthworm Foundation. This non-profit organisation specialises in working with companies to support the transition to responsible sourcing for a wide range of natural raw materials. The partnership has assisted Compass in better understanding our supply chain and related human rights risks and will inform our plans and activities on two food categories for next year and beyond.

This year's activity has focused on:

- ethical recruitment in the Middle East
- supply chain risk management initiatives
- creation and launch of a new Global Supplier Code of Conduct
- expansion of the use of Sedex (Supplier Ethical Data Exchange)
- further rollout of modern slavery training
- communicating our revised Human Rights Policy and Modern Slavery Act statement



*For more on our approach to human rights: [www.compass-group.com/en/sustainability/people/human-rights-and-ethical-trade](http://www.compass-group.com/en/sustainability/people/human-rights-and-ethical-trade)*

## Financial wellbeing

We are proud of our caring culture and are committed to supporting our people and the communities we serve during difficult times. In line with our values and within the parameters of our decentralised operating model, financial wellbeing support is delivered through tailored programmes in each of our markets. For example, in North America, Compass provides flexibility through a digital HR tool and same day pay, which benefits approximately 15,000 colleagues. Our UK&I business, which is already an accredited Real Living Wage provider, provides approximately 200,000 free meals for colleagues every week and access to a 'Helping Hands' fund to provide support with emergency or unexpected payments. This is in addition to free 24/7 medical and counselling advice, discounts for household shopping through our popular Perks at Work scheme, and wider financial wellbeing support including affordable loans, salary advances and financial education.

## Priorities for the year ahead

We will extend our programme of care for employees during challenging times and continue to prioritise initiatives that enable our People strategy to succeed. Employee engagement remains important and we will improve transparency and access to internal roles and opportunities for our employees. The Compass Group Foundation will enable community impact across markets, as we increase our reach and impact on the social agenda.

## 2022 AWARDS



## Our response to the crisis in Ukraine

Compass stands in solidarity with those affected by the conflict in Ukraine. We could not be prouder of our teams worldwide, who have provided food and support for Ukrainians in need. All our businesses continue to help support employees from Ukraine and their relatives, with many of our businesses giving employment opportunities to refugees.

In March 2022, we supported the humanitarian response with an initial donation of £250,000 to the Disasters Emergency Committee Ukraine Appeal. The donation was made by The Compass Group Foundation, a charity established by the Company, which leverages its networks and relationships to deliver social value in the communities in which it operates. The Compass Group Foundation's mission is to improve the lives of people through education and innovation, empowering them to play a key role in the future of food for their communities.

Other activities undertaken by Compass businesses to support Ukraine include:

- in Poland, recognised by the Unitatem Foundation for Best Community Involvement for delivering more than 2,000 meals to refugee aid points near the Ukrainian border
- in Spain, producing 51,000 meals to be sent to the Poland/Ukraine border via the charity, World Central Kitchen
- in UK&I, allocating a £25,000 fund that can be accessed by employees hosting Ukrainian refugees; and working with the Springboard UK charity and Newham College of Further Education to provide bespoke, pre-employment support to refugees as they seek to build a new life in the UK

These efforts are a powerful example of our commitments: respect, teamwork and growth. When combined with individual donations from our businesses and colleagues worldwide to charities, including UNICEF, ACNUR and World Central Kitchen, the total financial aid from the Compass group of companies is estimated at €500,000.



# PURPOSE

## WASTE NOT 2.0

Food waste is a key contributor to climate change. With the deployment of food waste measurement technologies, we are making good progress towards meeting our goal of halving food waste across the Group by 2030.

To further our waste reduction, Compass Group North America created Waste Not 2.0, a cutting-edge, online tracking tool to change behaviour across our sites via real-time tracking and dashboard reporting.

Built by chefs for chefs, the digital platform helps culinary teams identify waste-related opportunities in detail and gives managers the tools to analyse data and find long-lasting solutions.

This year, TouchPoint Support Services in the US, deployed Waste Not 2.0 across nearly 140 client sites. Through consistent tracking from our dedicated chefs, TouchPoint have significantly reduced food waste in their first year.

As a result, in 2022, Compass Group North America rolled-out the tool in over a thousand kitchens throughout the US. The solution is now being used by culinary teams in other markets, including Italy, Portugal, and the United Arab Emirates.

The worldwide expansion of in-kitchen food waste management solutions will make it easier for culinary teams to reduce waste and carbon impact. Our teams commented that: “The most important thing about Waste Not 2.0 is that it created awareness for our team members. This awareness empowered them to make changes to reduce waste.”

### YEAR ONE RESULTS FOR TOUCHPOINT

**25.6%**

reduction in food waste

**26.3t**

of CO<sub>2</sub> equivalent saved

**4.1m**

litres of water saved

### Purpose strategic pillars



## PURPOSE

**COMPASS CONTINUALLY SEEKS WAYS TO BE MORE SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE. IN THE LAST YEAR, OUR PURPOSE HAS CONTINUED TO DRIVE INNOVATION AND COLLABORATION ACROSS THE GROUP AS WE STRENGTHENED PARTNERSHIPS WITH CLIENTS, BUSINESS PARTNERS AND LOCAL COMMUNITIES.**

**Our Planet Promise**

Our Planet Promise is Compass Group's global commitment to a sustainable future for all. It encompasses the Company's values as an ethical, sustainable and inclusive business, together with our ambition to positively impact the world.

Compass continually seeks ways to be more socially and environmentally responsible. In the last year, our purpose has continued to drive innovation and collaboration across the Group as we strengthened partnerships with clients, business partners and local communities. In September, we issued new sustainable bonds to help us in this endeavour. We intend for the proceeds of these bonds to initially support the increased purchasing and tracking of Fairtrade and sustainable goods within our supply chain.

The Group supports nine of the United Nations' Sustainable Development Goals (UN SDGs), those where we can have the greatest impact. The UN SDGs serve as a guiding north star. Each UN SDG proposes targets for 2030 to achieve a better and more sustainable future for all. We support these in a range of ways: for example, by making ambitious commitments on carbon, animal welfare and food waste; by collaborating with a vast array of stakeholders; by increasing plant-forward meals across our businesses; and by electrifying our fleet.

Our unique business model has enabled this action to be locally led in the communities in which our businesses operate.

As well as being the right thing to do, this mission is also key to our growth aspirations. Compass is winning business based on our ability to demonstrate progress in this space. It will continue to inform our actions as we work towards our global commitment to reach climate net zero by 2050.

Sustainability is a critical issue for many of Compass' clients. As we accelerate growth in all regions, the Group will prioritise three areas: environmental leadership, positive procurement and community impact.

**Environmental leadership**

In its current state, the food system is a leading cause of climate change. As the world's largest food services provider, Compass is uniquely positioned to help accelerate the transition to a low-carbon economy. We believe now is the time to take a market-leading position on sustainability, to help the food system be more socially and environmentally responsible.

Our investors expect us to make measurable progress on our commitments. That is why, alongside measuring our strategic progress against the UN SDGs, where possible, we are making the sustainable choice the easy choice.

**Carbon reduction**

Compass is the first of its peers to publish a worldwide commitment to reach climate net zero by 2050. In July 2022, the Company launched a Sustainable Financing Framework enabling it to issue sustainable debt. Sustainable financing aligns with the expectations of our clients and shareholders and supports our global carbon reduction commitment and social mobility initiatives.

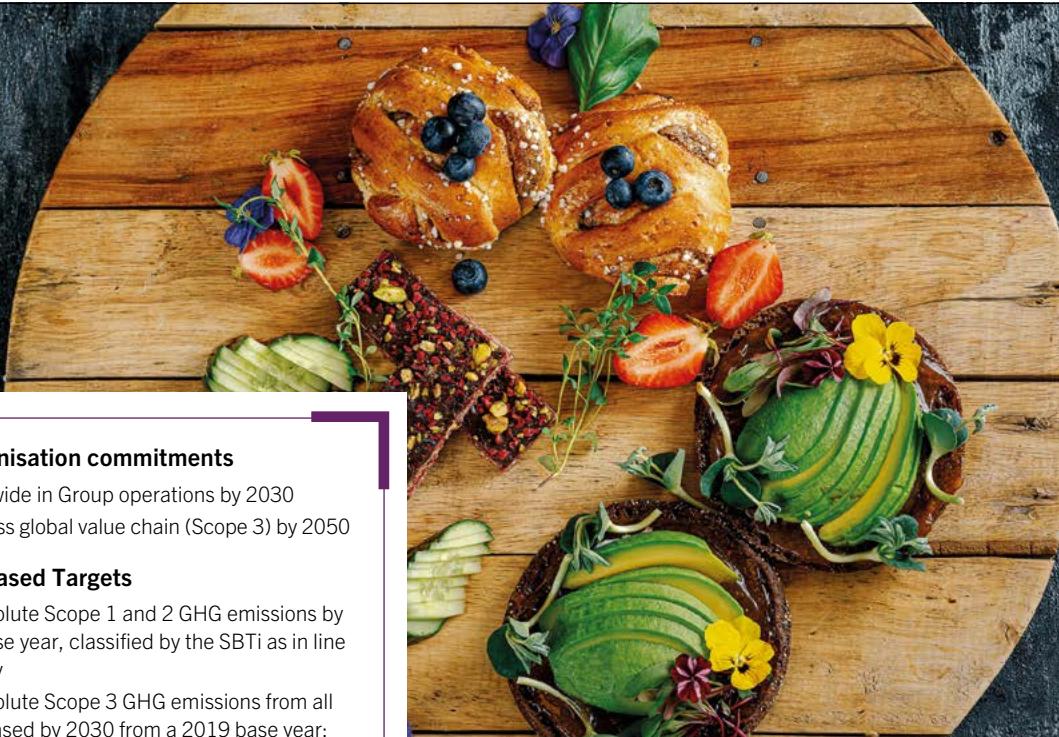
To achieve our climate net zero ambitions, we are adopting a Group-wide 'freedom within a framework' approach, because each market is at a different stage of progress. In certain countries, like France and the UK&I, we are moving at a more accelerated pace.

Our UK&I business is committed to reaching climate net zero by 2030, consistent with targets to limit the global temperature rise to 1.5°C above pre-industrial levels, and is taking action to achieve this by working closely with operational teams across all sectors and in partnership with its procurement division, Foodbuy. Measures include banning air freight of fresh fruit and vegetable produce and committing to source 70% of fresh meat, dairy and vegetables from regenerative agriculture sources by 2030. The business' Copper Pan Kitchen concept in Ireland offers plant-forward options on the menu daily, its supplier partners are hand selected for their commitment to championing sustainability, and 100% of its red meat, milk, eggs, and seasonal fruit and vegetables are sourced from local Irish farms.

Supporting the UK&I in its journey to achieve deep decarbonisation is leading University of Oxford expert, Professor Sir Charles Godfray FRS, appointed in May 2022 as Chief Climate and Sustainability Adviser to the UK&I's Executive team.



## PURPOSE CONTINUED

**Group-wide decarbonisation commitments**

- carbon neutral worldwide in Group operations by 2030
- climate Net Zero across global value chain (Scope 3) by 2050

**Approved Science Based Targets**

- 46% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2019 base year, classified by the SBTi as in line with a 1.5°C trajectory
- 28% reduction in absolute Scope 3 GHG emissions from all food and drink purchased by 2030 from a 2019 base year; classified by the SBTi as aligned to a well below 2°C trajectory

Our business in Australia is also leading on carbon reduction, particularly within its Defence, Offshore & Remote sector, where it has developed plans to transform its owned and operated mining villages into 'net zero villages'. The villages are planning to run on 100% renewable energy, with electrified fleets and equipment, creating a circular economy of waste and water and redesigning the food offering to be more planet-positive.



*Find out more about Compass' approach to reducing carbon emissions, [www.compass-group.com/en/sustainability](http://www.compass-group.com/en/sustainability)*

**Winning business with data- driven insights**

Collecting high-quality environmental data matters increasingly to our clients, for both ethical and commercial reasons. It is therefore imperative that Compass utilises rapidly evolving digital tools to measure emissions and enhance the quality of environmental data. We are doing so at a global and country-level. Group-wide initiatives include:

**North America**

- Compass has developed an award-winning tool called Carbon Footprint which allows operators to create customisable strategies to improve energy, water, and waste performance through menu and equipment management. Clients use Carbon Footprint to respond to global reporting requests such as those required by CDP
- Chartwells Higher Education has become the first collegiate food service provider to work with HowGood, the world's largest database on ingredient and product sustainability, helping students understand the environmental and social impact of their food
- Bon Appétit Management Company has launched its second-generation Food Standards Dashboard, which allows chefs to see immediately the impacts of their menu choices

**WE RECOGNISE THAT CHEFS ARE THE BEST AMBASSADORS FOR PROGRESS IN THIS AREA, SO WE ARE EMPOWERING CHEFS ACROSS OUR BUSINESSES TO MAKE PROGRESS – ONE DISH AT A TIME.**

**UK&I**

- the innovative start-up, Foodsteps, is helping clients understand the carbon footprint of thousands of recipes, using insight gained from the largest ever real-world trial

**Denmark**

- sustainability dashboards are being used across 30 client sites to help reduce CO<sub>2</sub> emissions

**Finland**

- our business is calculating the CO<sub>2</sub> impact of each meal in around 500 units and presenting this on menus

**Netherlands**

- our business is working in partnership with PHI Factory, an external consultancy, to measure the CO<sub>2</sub> emissions of its products and help clients reach their climate goals

**Portugal**

- an initiative named 'Heróis O Desperdício' (Zero Waste Heroes) has educated schoolchildren, leading to a 31% reduction in food waste in participating schools

**Menu reformulation**

Only by achieving excellence in selling delicious, low carbon meals can we achieve our climate goals while protecting our bottom line.

In accordance with the EAT-Lancet recommendations for a planet-friendly diet, our businesses are helping to rebalance menus by reducing animal proteins. We recognise that chefs are the best ambassadors for progress in this area, so we are empowering chefs across our businesses to make progress, one dish at a time, by training them to be more plant-forward in their menu planning. For example, Compass Group Australia has launched the Shift Academy, which educates our chefs on the 'why' and empowers them on the 'how' in creating planet-positive menus, with skills from agrodiverse sourcing to menu presentation. With 50 chefs already trained, there are plans to scale up this programme in 2023 across Australia and the rest of Asia Pacific.

Over 40% of dishes provided by Levy UK&I at COP26 were plant-based. For non-plant-based dishes, Levy actively took a plant-forward approach by replacing over 50% of the animal proteins in the recipes with high quality plant-based proteins.

Our businesses are working with experts to make demonstrable progress in menu reformulation. For example, in partnership with the Livestock, Environment and People labelling (LEAP) group at the University of Oxford, Eurest UK uses an algorithm to calculate an eco-score for the environmental impact of its food and drink. The eco-score has enabled the business to remove some meat options from its menus and use more whole grains and vegetables. In North America, Compass partnered with Do Good Foods, which reduces food waste by taking unused groceries, which otherwise would go to landfill and emit greenhouse gasses (GHGs), and turning surplus food into highly nutritious feed for their chickens.

Alongside reformulating recipes, our businesses work with their clients to help consumers make more informed decisions through evidence-based tools. These include nudging behavioural change through choice design, menu labelling, communications campaigns and canteen layouts.

#### Reducing food waste

One of the most impactful ways to prevent climate change is to reduce food waste. To better understand and mitigate our businesses' food waste footprint, we are expanding the use of smart meter technology across our global operations while working in partnership with clients and suppliers to halve food waste by 2030. As well as working to incentivise our workforce to fight food waste, we highlight our progress through visible awareness raising initiatives, such as Stop Food Waste Day – a global day of action that was started in the US to drive awareness. In 2022, the campaign accomplished record engagement by reaching clients and consumers in over 40 countries.

Group highlights in fighting food waste in 2022 included:

- publishing an inspiring digital cookbook featuring recipes and handy tips on adjusting food habits from 45 Compass Group chefs across 30 countries
- hosting live cooking demonstrations and fun, educational workshops in sites around the world
- in France, deploying Oscar, a cutting-edge kitchen management tool that tracks food waste in hundreds of units, with plans to roll it out across many more French units by the end of 2022
- in Colombia, increasing the focus on actions that reduce food production waste across more than 60 sites, where the business recorded a 64% reduction during the annual Stop Food Waste Day campaign
- partnering with the technology company, Winnow, whose smart scales help track and avoid food waste in markets including Belgium, the Netherlands and Luxembourg
- entering into a new partnership with food waste prevention specialist Leanpath, whose behavioural change tools are used in Compass' kitchens across the Asia Pacific region

#### Towards reusable solutions

While we understand the critical role that packaging plays in food safety and preserving freshness whilst avoiding food waste, we are taking steps to reduce packaging without compromising food safety. This includes working with our packaging suppliers to develop sustainable alternatives to single-use and fossil fuel-based plastics.

Compass aims to create a sustainable, circular operating model that supports the systems we rely on to trade. In 2022, we continued to provide alternative packaging and encouraged our clients to prioritise reusables whenever possible. Our businesses are removing single-use plastics and packaging where they can, and continue to test and scale innovations that avoid single-use plastic materials.

Our UK&I business' climate net zero roadmap includes the target of 100% reusable or recyclable packaging by 2023 and is demonstrating tangible progress. For example, at COP26, catered for by the Levy UK&I business, reusable zero-waste cups were used instead of single-use cups.

We are also continuing to innovate with improvements to industrial packaging and culinary technology. Last year, for example, the UK&I business continued to roll out Steamplicity's closed-loop recycling system for its food trays.

Across 16 sites, our business in Spain is rolling out reusable containers, including polypropylene bowls and cups, which are 100% recyclable. And in the Netherlands, Compass operates a circular clothing supply for staff uniforms, which over a period of 12 months, has saved approximately 68 million litres of water.



## PURPOSE CONTINUED

**Global energy consumption and greenhouse gas emissions (GHG) for the period 1 October 2021 to 30 September 2022**

	For the year ended 30 Sept 2022		For the year ended 30 Sept 2021	
	UK and offshore <sup>1</sup>	Global	UK and offshore <sup>1</sup>	Global
Scope 1 – Emissions from the combustion of fuel or the operation of any facility, including fugitive emissions from refrigerants use/tCO <sub>2</sub> e	<b>3,881</b>	<b>100,000</b>	5,614	88,616
Scope 2 – Emissions resulting from the purchase of electricity, heat, steam or cooling (location based)/tCO <sub>2</sub> e	<b>2,385</b>	<b>46,807</b>	2,096	38,298
Scope 2 – Emissions resulting from the purchase of electricity, heat, steam or cooling (market based)/tCO <sub>2</sub> e	<b>1,047</b>	<b>47,071</b>	3,119	40,525
Total gross emissions (location based)/tCO <sub>2</sub> e	<b>6,266</b>	<b>146,807</b>	7,710	126,914
tCO <sub>2</sub> e (location based) per million £ turnover	3.2	5.8	5.3	7.2
Energy consumption used to calculate above emissions/kWh	<b>31,837,141</b>	<b>575,794,878</b>	32,881,076	480,805,034

**Methodology**

Compass Group PLC is required to report its global and UK energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data reported in these tables represent emissions and energy use for which Compass Group PLC is responsible and is incorporated by reference in the Directors' Report on pages 52 to 113. To calculate our Group emissions, we have used the main requirements of the GHG Protocol Corporate Standard along with the UK Government GHG Conversion Factors for Company Reporting 2022.

We monitor the energy usage and greenhouse gas emissions of our owned and operated sites across 29 countries (2021: 29), which represent 98% of underlying revenue<sup>2</sup> (2021: 98%). tCO<sub>2</sub>e per million £ turnover is calculated by dividing our total gross emissions (location based) by underlying revenue<sup>2</sup> for the countries monitored.

A third-party has externally verified energy and GHG emission data reported in the table above, and we will continue to verify this data in the coming years.

Our absolute emissions have increased year-on-year as the businesses continued to recover from the pandemic, with units reopening across all regions. Additionally, Compass continued to successfully win new business and, by the end of the year, revenues significantly exceeded pre-pandemic levels. However, when normalised by revenue we have seen a 19% year-on-year reduction in our GHG emissions ratio. Our UK emissions have reduced following implementation of renewable energy provision across our direct operations. We continue to implement energy efficiency methods across our markets to help reduce our carbon emissions.

**Energy efficiency**

In 2022, Compass Group UK&I introduced its 100% electric company car policy, enabling over 550 employees to order an electric vehicle. Additionally, to help their colleagues and clients on their climate net zero journey, in May 2022, they launched their mandatory Climate Net Zero Toolkit and Net Zero Hub, to improve their operational, commercial and environmental performance. Compass Group France switched to using 100% renewable energy in their direct operations from January 2022.

1. UK and offshore emissions are a subset of the Global emissions disclosed.
2. Alternative Performance Measure (APM). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.

**Positive procurement**

Compass is proud to lead in responsible sourcing and procurement practices. We were the first food service company to commit to purchasing cage free eggs, and other companies quickly followed our lead.

Our businesses prioritise obtaining their ingredients from local sources as a first choice. In North America, Compass' goal is to ensure that a minimum of 25% of its purchases are from local sources by 2025. Fairtrade and other eco certified coffee is readily available in our businesses' supply chains. We continue to expand the use of the industry-leading Supplier Ethical Data Exchange (Sedex) to assess, track and share information on our suppliers' levels of compliance with social and human rights requirements.

Group-wide, our businesses are working with their suppliers to create more sustainable practices in regenerative agriculture, responsible sourcing and animal welfare.

In the Netherlands, Compass has partnered with Local2Local, a platform that enables farmers and other producers to sell their products locally, focusing on sustainability and stimulating local economies by shortening the food chain. Our Netherlands business also signed the national Green Deal, which aims to stimulate the cultivation, processing, and consumption of protein-rich crops in the Netherlands.

**Supporting regenerative farming practices**

Regenerative agriculture is a collection of farming and grazing practices that reverse climate change by rebuilding soil and drawing down carbon. This year, our businesses continued integrating ingredients grown this way into menus while supporting suppliers to become more sustainable.





Our businesses are switching from animal to plant-based proteins, and further enhancing local and seasonal sourcing. In France, Compass is partnering with Fermes d'Avenir, an environmental network, in a joint initiative to create farms producing healthy, high-quality food while preserving planetary natural capital. As well as guaranteeing a viable and resilient livelihood for farmers, this work is helping our French business on its climate net zero journey, with a specific objective to source 60% of products from regenerative agriculture by 2030.

#### Responsible sourcing

We are proud to combine our commitment and purchasing power to help our partners achieve their sustainability goals. Together, we deliver safer and healthier food for our clients and consumers daily.

One of the actions of our Planet Promise is to deliver a global deforestation-free and land-conversion-free supply chain strategy. The Group will achieve this through the increased use of sustainable palm oil, soy, beef, timber and paper materials in the products our businesses source globally, and by reviewing and taking action on additional high-risk commodities.

This year, Restaurant Associates (RA) in the UK&I was awarded an outstanding three-star accreditation in the Sustainable Restaurant Association's Food Made Good programme. The award recognises RA's efforts in three key areas: Sourcing, Society and Environment.

Compass Hong Kong now sources over 60% of ingredients or supplies from within the Asia Pacific region, of which 25% is being sourced locally.

Foodbuy US recently launched its Diverse Supplier Accelerator programme, which provides selected suppliers with coaching and training through formal mentor-mentee relationships that help them develop strategies to accelerate business growth.

#### Delivering animal welfare standards

In 2022, Compass has driven industry engagement in animal welfare through memberships and partnerships such as the Global Coalition for Animal Welfare. We have also maintained our Tier 3 status in the Business Benchmark on Farm Animal Welfare.

We are on track to meet our 2025 target of 100% cage-free shell and liquid eggs globally, with our UK&I business reaching 100% cage-free eggs in 2022 and our US business expected to achieve its own 100% cage-free eggs target in 2023 following a delay due to supply chain disruption.

We are working towards higher welfare standards for the chicken purchased by our businesses in North America by 2024 and Europe by 2026. Our US business is also developing a roadmap to support the Better Chicken Commitment, to be released in 2023, while working with Compassion in World Farming to create industry-wide action on the issue.

Our US business will transition to group-housed pork (pigs crated 5-7 days) as a minimum standard by summer 2023, with their priority being to source gestation crate-free pork, as has already been rolled out across 70% of our US operations this year.



*Find out more about how we maintain a safe and sustainable supply chain, [www.compass-group.com/en/sustainability/planet/responsible-sourcing](http://www.compass-group.com/en/sustainability/planet/responsible-sourcing)*

## PURPOSE CONTINUED

**Community impact**

We believe that our businesses must positively impact their communities. As well as creating jobs within our operations, we support thousands of livelihoods through purchasing, aiming to buy local and to champion social enterprises.

Our continued investment has been significant for many food producers and small businesses. We use our skills and resources to support the local community: donating food, raising money for charities, and supporting groups to drive positive change.

Our businesses invest strategically in local sourcing and social enterprises as well as working in partnership with their clients, suppliers and other stakeholders. We have also joined the World Business Council for Sustainable Development Vision 2050: Time to Transform initiative and have contributed to consultations for the UN Food Systems Summit, calling for more equitable and sustainable food systems.

In Australia, Compass invests in a range of social purpose focused partnerships with OzHarvest, Social Traders, Stop Food Waste Australia and Supply Nation. The business is developing new solutions to provide healthy, affordable food to remote First Nations communities and continues to invest in new supplier and product solutions that support Compass' Planet Promise. For example, work is continuing in association with Foodbuy Australia and Eco Barge Clean Seas Inc. to protect the marine life and aquatic environment of the Whitsunday Region.

Compass has recently partnered more closely with Change Please – a 100% coffee company that uses all of its profits from selling great tasting coffee to train and employ homeless people as coffee baristas. Our businesses are working with Change Please in over 180 Compass client sites across the US, UK, EU, and Australia. By supplying coffee to banks, law firms, universities and corporate head offices, the partnership has helped over 85 people out of homelessness.

Another inspiring partnership hails from North America, where the Chartwells Higher Education team connects with communities on campuses by creating experiences and sharing insights into religious and cultural events such as Black History Month. These partnerships financially support minority owned businesses while delivering authentic food to clients and consumers and building a sense of global community on campus.

In Europe, this year, Compass Group Netherlands and The Colour Kitchen were named social partnership of the year at the Netherland Social Enterprise Festival. Their partnership offers people who still need to socially distance the chance to train and develop as part of our workforce.

**Supporting health and wellness**

Compass oversees many initiatives across the globe that provide equitable access to health promoting meals, menu options, and foods at affordable prices. We support local community food banks and food pantries, donate excess food items, participate in child meal programmes, promote food 'farmacy' and produce prescription programmes, and support community and on-site vegetable gardens.

We are committed to preventative food and nutrition, or 'positive nutrition' by offering menus that promote health in all food venues. Across all markets, we use research and science backed criteria to define our healthy menu items, including following individual country dietary guidance and WHO guidelines, whilst focusing on energy balance, reducing saturated fat, salt, and added sugar, and

increasing the use of whole grains, fruits, vegetables, legumes, nuts and seeds in our menus. Transparency is critical; our businesses provide clients and consumers with the information they need to choose food that is right for them, and we are committed to having healthy menu options in at least 90% of our locations globally.

In the last year, Compass Group Sweden partnered with En Frisk Generation (A Healthy Generation) to raise school-level awareness on healthy eating habits. In addition, Eurest Portugal's Club, which promotes fitness and teambuilding, enabled colleagues to participate in Douro Vinhateiro's annual race.

Compass Group North America is also working to meet the medical needs of people suffering from diet-related illnesses. Along with several US client healthcare systems, the business is piloting medically tailored meals, which are provided to patients discharged from hospital along with an assessment of the impact of these meals on preventing readmission.

*Please see pages 33 to 35 for more on Compass' commitment to health and wellbeing.*

**Priorities for the year ahead**

The business will continue to prioritise sustainability initiatives that support progress towards our strategy with a focus on food waste technology deployment, plant-forward menu development and chef engagement. These areas of focus will help us reduce our emissions and we will report on our progress in the year ahead.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We set out below our climate-related financial disclosures, which are consistent with all of the TCFD recommendations.

We cover the four TCFD recommendations and the 11 recommended disclosures set out in Figure 4 of Section C of the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD.

## Summary

The global food system is a leading contributor to climate change, responsible for around one-third of greenhouse gas (GHG) emissions annually. As the world's largest food services group, operating at the heart of the global food supply chain, we are in a unique position to influence real change and to help create a more sustainable global food system for all.

The purpose of this TCFD statement is to provide investors and wider stakeholders with a better understanding of Compass Group's exposure and strategic resilience to climate-related risks, whilst also identifying climate-related opportunities that are material to the Group.

If left unmitigated, climate change poses a significant risk to our planet, our people and our economies. Climate change can create significant disruptions through chronic and acute weather events and corresponding physical risks. As a response to this, Compass has committed to play its part by setting a target to reach climate net zero by 2050 and by launching a Sustainable Financing Framework, further supporting the net zero target. Although if unmitigated the risks could be significant, Compass Group has many operational levers which can help mitigate supply chain disruptions through procurement scale, menu management, and culinary and digital innovation.

We have found the TCFD process to be an important tool in directing our efforts and integrating climate-risk awareness into our day-to-day operations. For the first time, in 2022, we carried out a quantitative scenario analysis of the potential climate-related risks and opportunities for our businesses. Our scope covered our largest market, the US, representing c.60% of the Group's total annual revenue in 2021. Our assessment was based on the relative ranking of climate risks and financial materiality, providing a scope representing 27% of total US food spend in 2019.<sup>1</sup>

We recognise that scenario analysis is limited by the availability of data on the long-term impacts of climate change, and our disclosures will need to evolve as data becomes clearer. We are committed to working with experts to broaden the scope of the analysis in future years.

Based on today's predictions and our scenario analysis, the greatest financial risk in 2030 arises from carbon taxation within the low carbon transition scenario. We are confident in our ability to manage the financial risk under this scenario and expect the net impact to be immaterial.



## Governance

### The Board's oversight of climate-related risks and opportunities

We have a well-established governance structure designed to effectively oversee the management of our principal risks, including climate change risks and opportunities presented by climate change. The Board reviews principal risks biannually and it identified climate change as a principal risk in 2021, at which time it was formally embedded into our risk management processes.

The Board has overall responsibility for oversight of the management of the risks and opportunities presented by climate change, which it exercises through two of its principal committees: the Corporate Responsibility (CR) Committee and the Audit Committee.

The CR Committee is responsible for overseeing the development and implementation of policies and strategy supporting sustainability activities, including the Group's climate net zero commitments published in October 2021. The CR Committee receives reports at every meeting from the Group Chief Commercial Officer, the Global Director of Sustainability and other senior managers to ensure that progress is being made towards meeting the Group's specific CR KPIs and ongoing CR commitments, including our GHG emissions targets. Additionally, during the year, the Committee received briefings

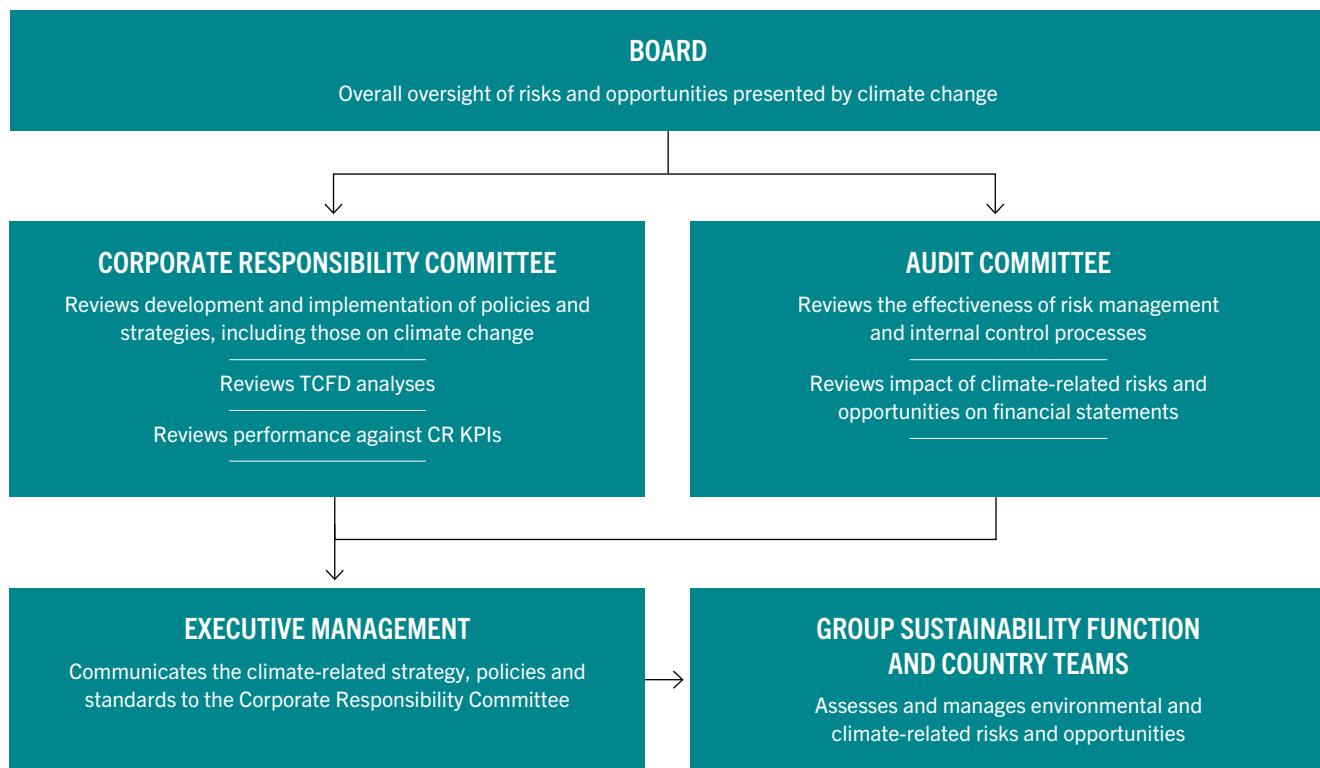
from management in relation to its approach to TCFD and from external advisers in relation to developments in the broader TCFD disclosure landscape.

The CR Committee meets at least three times a year and comprises all the non-executive directors of the Board, together with the Chair of the Board, Group Chief Executive Officer and Group Chief Financial Officer. More information about the CR Committee can be found on page 79.

The Audit Committee is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, together with the going concern and viability statements. It monitors, reviews and reports to the Board on any significant financial reporting issues and judgements made in connection with the preparation of the financial statements. This includes the potential impact of climate change, the output of the Group's scenario analyses, costs to achieve our climate net zero commitments, and their impact on the financial statements and related disclosures.

1. 2019 data was used for the materiality assessment, as this year is the Group's climate net zero target base year.

## TCFD CONTINUED



The Audit Committee reviews the effectiveness of the risk management and internal control processes and considers the potential financial impact of climate change on the financial statements at the half-year and full-year. The Audit Committee meets three times a year and comprises all the independent non-executive directors of the Board. More information about the Audit Committee can be found on page 74.

#### Management's role in assessing and managing climate-related risks and opportunities

The Group Chief Executive Officer and Group Chief Commercial Officer have the highest management-level responsibility for climate-related issues and have the responsibility to form, review and communicate the Company's climate-related global strategy, policies, and standards to the CR Committee. This includes setting and reviewing progress towards targeted KPIs, assessing the climate-related risks and managing and monitoring the associated opportunities. They are supported in this regard by the Global Director of Sustainability who leads the Group Sustainability function, which also provides support to the regions and countries to ensure sustainability strategies are implemented and climate-related risks and corresponding controls and mitigations are reviewed on an ongoing basis.

At Executive Committee level, the regional managing directors are responsible for managing climate-related risks and opportunities for their respective regions. At country level, the country managing directors are responsible for managing climate-related risks and opportunities for their respective countries.

#### Strategy

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

The process of identifying climate-related risks and opportunities for this year's TCFD statement was conducted via qualitative and quantitative risk assessments and scenario analyses, carried out by our specialist internal teams and expert external partners. As climate risk is integrated into our risk management process, risks and opportunities were identified as part of our Major Risk Assessment (MRA) process. See the Risk Management section on page 22 for further detail.

The output of this exercise is summarised below. Compass considers three years (short-term), four to 10 years (medium-term) and greater than 10 years (long-term) to be the relevant time horizons based on the Group's decision-making processes and structure. For reference, the Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. The directors have therefore determined that a three-year period to 30 September 2025 is an appropriate period over which to provide its viability statement on the basis that this is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of Group company contracts (three to five years). More information about the viability statement can be found on page 29.

**S** Short    **M** Medium    **L** Long-term

Risk/opportunity (time horizon)	Description and impacts	Mitigation
<b>PHYSICAL RISKS</b>		
<b>Acute (S/M/L)</b> Increased severity of extreme weather events such as heatwaves, floods, cyclones, forest fires, pests and diseases	Crop stress, reducing yields and/or catastrophic crop failure may lead to raw materials being harder to procure and increased operating costs.	Flexible menu planning arrangements with clients that allow us to select local, seasonal and readily available ingredients, and reduce reliance on single-source ingredients.
<b>Chronic (S/M/L)</b> Changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures, rising sea levels	Heavy impact on potential yields and quality may lead to raw materials being harder to procure and increased operating costs.	Flexible menu planning arrangements with clients that allow us to select local, seasonal and readily available ingredients, and reduce reliance on single-source ingredients.
<b>TRANSITION RISKS</b>		
<b>Policy and legal (M/L)</b> Regulation of existing products and services	Increased costs or reduced demand for products and services resulting from fines and judgements against us.	We are monitoring the evolution of the regulatory reporting landscape across our markets, particularly in the EU and US.
<b>Policy and legal (M/L)</b> Increased carbon taxation on GHG emissions	Increased operating costs (e.g. higher compliance costs or increased insurance premiums).	As part of our climate net zero commitment, we will reduce our scope 1, 2 and 3 emissions to reduce our exposure to any carbon taxation.
<b>Market (S/M/L)</b> Changing client and consumer behaviour	Reduced demand for goods and services due to shifts in consumer preferences.	We are creating robust plant-forward training for our chefs, utilising technology and consumer apps to display carbon labelling, and working with our suppliers on new plant-forward options and reduced-carbon ingredients.
<b>OPPORTUNITIES</b>		
<b>Resource efficiency (S/M/L)</b> Use of more efficient modes of transport; use of more efficient production and distribution processes; and reduction in food waste across all operations	Reduced operating costs (e.g. through efficiency gains and cost reductions); increased production capacity resulting in increased revenues.	Application of technology to understand our food waste footprint, and working in partnership to halve it by 2030; exploring solutions that allow us to move away from single-use and fossil fuel-based plastics towards reusable packaging.
<b>Energy sources (S/M)</b> Use of lower emission sources of energy; switch to renewable electricity across all operations; transition of all fleet vehicles globally to 100% plug-in electric	Reduced operational costs (e.g., through use of lowest cost abatement); reputational benefits resulting in increased demand for goods and services.	We are continuously seeking to improve operational efficiency and use new technologies that emerge as the sector transitions to a low-carbon economy, including increasing adoption of 100% plug-in electric vehicles by our businesses.
<b>Menus, products and services (S/M)</b> Shift in consumer preferences	Better competitive position to reflect shifting consumer preferences towards plant-forward diets, resulting in increased revenues.	Continue to expand our offer of healthy, plant-based menu items; reformulate menus to be low carbon and switch towards more plant-based proteins; increase share of locally and seasonal sourced products.
<b>Investment in innovation (M/L)</b> Sustainable management of living natural resources and land use	More resilient supply chain resulting in higher availability of products, cost reductions, and reputational benefits resulting in increased demand for goods/ services.	Allocation of funding to regenerative agriculture products, vertical farming and hydroponics; transitioning farmers from traditional farming.

## TCFD CONTINUED

**Scenario analysis**

Based on the insights from this qualitative risk assessment, the physical impacts of climate change and the impacts of stringent climate policies were assessed under three climate scenarios, consistent with the recommendations of the TCFD: one physical climate impact scenario (RCP8.5) and two low-carbon transition scenarios (RCP2.6 and RCP1.9).

**Scope and assumptions***Time horizon*

For the purposes of scenario analysis, the medium-term (2030) has been considered as climate-related issues often manifest themselves over the medium to longer-terms. There is a trade-off involved when choosing the appropriate time horizon. If it is too short, developments may not be sufficiently differentiated, whereas if it is too long, uncertainties may overwhelm useful analysis. A medium-term horizon allows for the outcomes of the scenario analysis to be built into our strategic planning, and therefore forms the basis of this year's disclosures.

*Geography*

The US was chosen as Compass' focus market for the first year of the TCFD scenario analysis due to its magnitude, representing c.60% of the Group's total annual revenue in 2021.

*Product scope*

The focus areas selected for the scenario analysis were protein (pork, beef, dairy and poultry), fruits (top 20 by spend) and vegetables (top 20 by spend); together accounting for 27% of total US food spend in 2021. The impacts of carbon pricing on Compass' scope 1 and 2 GHG emissions for the US market were also assessed.

*Materiality assessment*

This was based on a relative ranking of climate risks and financial materiality (percentage of spend). To determine the average climate risk score (1 to 4), a scoring methodology was followed to assign climate-related risk to the various categories. These risks were grouped under chronic climate change, acute climate events and carbon tax, with the financial materiality based on the percentage of spend in each category. For the materiality assessment, 2019 data was used based on this being the Group's climate net zero target base year.

The cost increases in 2030 assume no inflation or changes in volume from 2021 levels, and no changes in Compass' business activities.

Risk scenario	Key risk attributes	Focus areas	Rationale and considerations	Pathway to cost increase
<b>Business as usual RCP8.5 (4°C)</b>	<b>Acute climate change</b>	Animal protein, vegetables and fruit.	The most material physical risks for Compass food sourcing locations were assessed for which climate data from credible sources was available.	Loss in production leads to higher procurement costs (due to costs involved in switching sourcing). No carbon tax.
	<b>Chronic climate change</b>			
<b>Low-carbon transition RCP2.6 (2°C) (very stringent)</b>	<b>Policy and legal</b>	Animal protein, vegetables and fruit.	The implications and financial costs of mandatory farm standards would vary significantly across farms, whereas a carbon tax will have a material impact on all farms and food producers. This was therefore selected as a likely policy implication to be considered for the scenario analysis modelling.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.
<b>Low-carbon transition RCP1.9 (1.5°C) (goal of Paris Agreement)</b>	<b>Policy and legal</b>			
<b>Low-carbon transition</b>	<b>Policy and legal</b>	Emissions.	A carbon tax was found to be most material.	Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.

## Summary of scenario analysis findings

The most significant impact is that arising from carbon taxes on animal protein under RCP1.9 (1.5°C rise), which could result in annual cost increases in the range of 5.0-7.5% of the total spend on all food categories in scope. While the results refer to this scope only and, as such, cannot be extrapolated, the estimated percentage cost increase gives a preliminary indication of the potential impact of climate risk before any business levers are applied. If we apply the business levers at hand in our operational model, the financial impact can be reduced substantially. The way we do this is described in the resilience section below.

Our first scenario analysis indicates that carbon tax on our scope 3 GHG emissions is the key risk to mitigate. Hence this is the focus of our current efforts and is highlighted under Metrics and Targets below.

## Future roadmap on scenario analysis

The first scenario analysis conducted this year has provided insights on both methodology and climate risk that we will build on. We plan to increase the scope of our work including consideration of additional geographies, timeframes and risk attributes to enhance our risk management and climate change decision-making processes, and inform our future strategy and financial planning. To accomplish these goals, we are building a roadmap for additional scenario analysis for the next two years.

### The resilience of the Group strategy

The Group benefits from a wide range of strategic and operational processes already in place, that can be flexed to address changing market dynamics, including recent inflationary pressures and climate change. These processes include a combination of operational mitigation measures and strategic business model levers, which are summarised below. The selected levers are those primarily relevant to scope 3 GHG emissions, as this is our key risk area. In addition, scope 1 and 2 are also considered.

The table below links scenarios, risk, impact, resilience, metrics and targets.

Gross cost impact <sup>1</sup>	Net cost impact <sup>2</sup>	Actions to reduce the impact of climate change	Metric (Unit)	Target 2030	Target 2050
<span style="color: green;">●</span>	<span style="color: green;">●</span>	<p><b>Healthy, ethically sourced and low-carbon food options</b> e.g. support programmes for chefs in their menu planning through chef engagement and robust culinary training.</p> <p><b>Food waste reduction</b> e.g. global expansion of our suite of food waste management solutions and our proprietary Waste Not 2.0 system.</p> <p><b>Flexible menu planning arrangements with clients</b> e.g. menu changes which allow us to select ingredients that are local, seasonal and readily available.</p>	GHG emissions scope 3 (tCO <sub>2</sub> e)	28% reduction	Climate net zero
<span style="color: orange;">●</span>	<span style="color: green;">●</span>	<p><b>Pricing</b> e.g. our client contracts include price adjustments as standard.</p> <p><b>Climate-related risks and opportunities are incorporated into our procurement strategy over the short, medium and long-term</b> e.g. with our scale and effective procurement globally, we have a strong track record of managing raw material cost increases, most notably during the ongoing highly inflationary environment seen globally this year. Supply chain disruptions are commonplace in our industry and we are adept at managing them in a way that minimises operational impact.</p>	Food waste (kg)	50% reduction	To be determined
<span style="color: red;">●</span>	<span style="color: green;">●</span>				
<span style="color: green;">●</span>	<span style="color: green;">●</span>	<p><b>Transition global fleet vehicles to 100% plug-in electric (scope 1)</b>, e.g. we continue to explore ways to reduce our scope 1 emissions and have been engaging with manufacturers to make electric trucks available for us to purchase in our vehicle fleet, whilst also using GPS to optimise transport efficiencies.</p> <p><b>Switch to renewable electricity across our controlled operations (scope 2)</b>, e.g. we continue to explore ways to reduce our scope 2 emissions with the UK and France having already made commitments to switch to 100% renewable electricity across our owned and operated sites in 2022.</p>	GHG emissions scopes 1 and 2 (tCO <sub>2</sub> e; absolute; norm by revenue)	46% reduction; carbon neutral	Climate net zero
			Percentage of renewable energy	To be determined	To be determined

### Potential annual food cost increase in 2030 (%)

● < 2.5%      ● 2.5-5.0%      ● 5.0-7.5%

1. The gross cost impact column indicates the unmitigated annual food cost increase percentage in 2030 of the products in scope for each risk scenario.

2. The net cost impact column reflects that value, less the effect of having applied the business levers Compass has available within its regular course of business.

## TCFD CONTINUED

**RISK MANAGEMENT****Processes for identifying and assessing climate-related risks**

Climate change has been assessed as a principal risk by the Board since 2021, recognising the potential impacts it can have on our businesses in the medium and long-term.

Climate change risks and opportunities are considered as part of our Major Risk Assessment (MRA) process. The MRA is the cornerstone of our risk management framework and it is a structured biannual bottom-up and top-down risk review completed by all countries that considers the key risks facing the Group. The process of identifying climate-related risks and opportunities is undertaken via qualitative and quantitative risk assessment exercises including scenario analyses to identify the climate-related physical and transition risks and opportunities that are material to Compass. The process involves both country leadership teams and central functions, e.g. finance, risk management, legal and sustainability.

As part of the assessment process, each identified risk is assessed against potential impact, probability and exposure with each risk being given an overall risk rating. Risks are identified and assessed within each country and region, and the Group risks are assessed biannually by the Board.

As per our risk management framework, we assess the key risks and opportunities, including climate-related risks and opportunities that have a substantive financial or strategic impact if there is a one-off or recurring annual profit impact of more than 4% of our profit before interest and tax (PBIT). More information about the risk management framework can be found on pages 22 and 23.

**Processes for managing climate-related risks**

At the Executive Committee level, the regional managing directors are responsible for managing climate change risks and opportunities for their respective regions. At the country level responsibility sits with the country managing director. To increase ownership of climate risks across the business, a cross-functional steering group has also been established. Climate risks and mitigations are monitored throughout the year by the Executive Committee, as part of the biannual MRA process.

A few examples of how this process has helped inform our mitigation efforts are found in the table on page 45 for the identified climate-related risks, and include robust plant-forward training for our chefs, utilising technology and consumer apps to display carbon labelling, and working with our suppliers on new plant-forward menus and reduced-carbon ingredients.

**Climate-related risk processes are integrated into overall risk management**

The Board continues to take a proactive approach to risk management, with the aim of protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in what is a constantly changing environment.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed KPIs are integral parts of both business process and core activities throughout the Group. These KPIs consist mainly of the metrics described in the Metrics and Targets section below, namely GHG emissions and food waste measurements in line with our strategy and the conclusions of our scenario analysis.

Risks and the corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. Risk updates form an integral part of periodic management reviews and are also reviewed regularly by the Regional Governance Committees and biannually by the Executive Committee and Board. More information about the risk management framework can be found on page 22.

As noted on page 29 the Group's principal risks are all considered as part of the Group's strategic planning process and viability statement assessment. In addition, we note on page 136 how this risk has been considered in the basis of preparation of the Group's consolidated financial statements.





## METRICS AND TARGETS

### Metrics and targets focus on food waste and GHG emissions in line with our strategy

In line with our commitment to the Paris Agreement and our sustainability strategy, which includes climate action, we have established climate-related targets and have committed to:

- reaching climate net zero GHG emissions across our global operations and value chain by 2050. The climate net zero goal includes interim 2030 targets validated by the Science Based Targets initiative (SBTi)
- reducing absolute scope 1 and scope 2 GHG emissions by 46% by 2030 from a 2019 base year, in line with an ambition to limit future warming to 1.5°C above pre-industrial levels
- reducing our absolute scope 3 GHG emissions from all food and drink purchased by 28% by 2030 from a 2019 base year, aligned with a trajectory to limit global warming to well below 2°C compared to pre-industrial levels

We have also committed to achieving carbon neutrality worldwide in our Group operations by 2030 (scopes 1 and 2). To achieve this, we will compensate and later neutralise remaining scope 1 and 2 direct GHG emissions through high quality carbon removal projects.

As a critical step towards lower GHG emissions, we have also committed to reducing food waste by 50% by 2030.

### Food waste

Given that every year one-third of food produced for human consumption is lost or wasted globally, we see targeting a 50% reduction in food waste as our most immediate contribution to reducing GHG emissions. In 2021, Compass' range of food waste management systems tracked waste in kitchens across 26 countries, leading to a 28% reduction in food waste. The continued global expansion will see food waste technology made available across all of Compass' markets, improving tracking and accountability of kitchen waste worldwide while also delivering significant reductions in the Group's scope 3 GHG emissions and clients' carbon footprints. Compass' efforts will include the expansion of its game-changing Waste Not 2.0 system: a state-of-the-art tablet-based waste tracking programme, built by chefs for chefs. We actively manage and report on our strategy to reduce food waste in our annual Sustainability Report.

### Scope 1 and scope 2 GHG emissions

We report our energy usage and scope 1 and 2 GHG emissions annually (see page 40). In 2022, we monitored the energy usage and GHG emissions of our owned and operated sites across 29 countries (2021: 29) which represent 98% of underlying revenue (2021: 98%). This year, we have also calculated our scope 2 GHG emissions using market-based methodology to recognise the purchasing of low-carbon energy. We also disclose our scope 1 and 2 GHG emissions normalised by revenue (see page 40).

## TCFD CONTINUED

GHG Scope 3 – Category	Comment on data
<b>Purchased goods and services</b>	Spend-based and relevant emissions factors to calculate the emissions of all purchased goods and services.
<b>Capital goods category</b>	Spend-based analysis on capital goods to calculate the emissions.
<b>Fuel and energy-related activities<sup>1</sup></b>	Well-to-Tank (WTT) and Transmission and Distribution (T&D) losses were applied to 2019 electricity, gas and fuel data from leased vehicles.
<b>Upstream transportation and distribution<sup>1</sup></b>	The distance travelled and volumes transported.
<b>Waste generated in operations<sup>1</sup></b>	Quantities of waste were calculated based on the number of sites within each country.
<b>Business travel category<sup>1</sup></b>	Business travel was calculated using data provided by Travel Booking Systems for each relevant transport type, e.g. airplane, train, car hire, fuel. The distance travelled or volume of fuel used was multiplied by the relevant factors with WTT included. Where more country-specific emission factors were available, these were used (e.g. EPA for US and Canada, Bilan Carbone for France).
<b>Employee commuting<sup>1</sup></b>	A commuting model was used to model emissions from commuting based on the number of FTE staff. The model uses published research into average commuting times and most popular forms of transport by country.
<b>Upstream leased assets</b>	Emissions from upstream leased assets were calculated based on primary data on emissions from upstream leased assets for UK, US and France and, were estimated using the revenue intensity factor to uplift for the remaining countries.

1. BEIS 2019 emissions factors applied.

### Scope 3 GHG emissions

In 2021 we calculated our scope 3 emissions related to 2019 in line with the GHG Protocol Corporate Standard and the UK Government GHG Conversion Factors for Company Reporting 2020. BEIS 2019 emissions factors were applied where relevant.

### Calculations of scope 3 emissions going forward

In 2021, we established our scope 3 GHG emissions baseline with 2019 data through a rigorous global data-gathering exercise and set our global 2050 climate net zero target. Our baseline 2019 total scope 3 emissions amounted to 12,176,517 tCO<sub>2</sub>e as reported in our Sustainability Report 2021 (available with scope 3 category data on [www.compass-group.com](http://www.compass-group.com)). In order to monitor our progress in reaching our science-based targets, we will measure and disclose our relevant scope 3 emissions annually starting in 2023.

### Internal carbon pricing

We recognise the importance of having an effective internal carbon pricing system in place, as well as the effects of a possible increase in price of carbon-offsets going forward. We therefore continue to assess how to introduce an internal carbon pricing method as a matter of priority.

### Remuneration

To further strengthen our targets and commitments, the Remuneration Committee will introduce a new ESG incentive for 2022-2023 to support our sustainability priorities. This will focus on further reducing food waste across our operations, targeting an annual increase in the number of sites recording food waste using industry leading technology. We will prioritise deployment of this technology in our largest sites where we can have the most material impact.

### Work on other metric categories

As we recognise the importance of measurement and follow-up to drive change, we have considered the seven metric categories in the TCFD recommendations. In addition to GHG emissions, internal carbon prices and remuneration mentioned above, we will continue to explore how to measure transition risks, physical risks, climate-related opportunities and capital deployment to the extent relevant.

### Conclusion

We are committed to working with external experts on broadening the scope of our efforts in this area and further improving our TCFD disclosures. Based on today's predictions and our scenario analysis, the greatest financial risk to our 2030 targets arises from carbon taxation within the low-carbon transition scenario. However, we are confident in our ability to manage the financial risk under this scenario and expect the net impact to be immaterial to the Group.

## NON-FINANCIAL INFORMATION STATEMENT

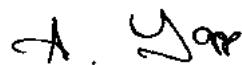
# NON-FINANCIAL INFORMATION STATEMENT

The table below sets out where stakeholders can find information in our Strategic Report that relates to non-financial matters detailed under section 414CB of the Companies Act 2006.

Reporting requirement	Some of our relevant policies <sup>1</sup>	Where to read more in this Report about our impact, including the principal risks relating to these matters	Page
<b>Environmental matters</b>	– Sustainability Strategy	Purpose Report	36-42
	– Environmental Policy Statement	GHG Emissions	40
		TCFD reporting	43-50
<b>Employees</b>	– Code of Business Conduct	Chief Executive's Review – People	6-7
	– Code of Ethics	People Report	30-35
	– Workplace Health and Safety Policy Statement	Principal Risks – Health and Safety, People	24-25
		Safety culture	10
<b>Human rights</b>	– Code of Business Conduct	Whistleblowing, anti-bribery and fraud	76
	– Code of Ethics	Human Rights and Modern Slavery	34
	– Modern Slavery Act Transparency Statement	Employee diversity	31-32
<b>Social matters</b>	– Social Purpose	Chief Executive's review – Purpose	7
		Stakeholder engagement	68-72
		Purpose Report	36-42
<b>Anti-bribery and corruption</b>	– Code of Business Conduct	Ethics and Integrity	11
	– Code of Ethics	Principal Risks – Compliance and Fraud	27-28
	– Speak and Listen Up Policy	Whistleblowing, anti-bribery and fraud	76
<b>Business model</b>		Business Model	2-3
<b>Non-financial KPIs</b>		Global Lost Time Incident Frequency Rate	9, 10
		Global Food Safety Incident Rate	9, 10
		Greenhouse gas intensity ratio	9, 40
<b>Principal risks</b>		Risk management	22-28

1. The Company's policies, statements and codes are available on the Company's website, [www.compass-group.com](http://www.compass-group.com).

The Strategic Report, as set out on pages 2 to 51, has been approved by the Board and signed on its behalf by



**ALISON YAPP**

Group General Counsel and Company Secretary

21 November 2022

**IAN MEAKINS**

Chair of the Board

**Members**

At the date of this Report the following are members of the Board:

– Ian Meakins (Chair)	– John Bryant
– Dominic Blakemore	– Arlene Isaacs-Lowe
– Palmer Brown	– Anne-Francoise Nesmes
– Gary Green	– Sundar Raman
– Carol Arrowsmith	– Nelson Silva
– Stefan Bomhard	– Irene Vittal

At least half the members of the Board, excluding the Chair, are independent non-executive directors. Directors' biographies can be found on pages 54 to 57.

**Meetings**

The Board held six scheduled meetings during the year. The Board and committee meeting attendance table can be found on page 65.

**Matters reserved for the Board**

The Board has a formal schedule of matters reserved for its decision as follows:

- purpose, strategy and management
- values, culture and stakeholders
- Board membership and other appointments
- financial and other reporting and controls
- audit, risk and internal controls
- contracts and capital structure
- communication
- remuneration
- delegation of authority
- corporate governance and other matters

The matters reserved for the Board are reviewed annually to ensure that they continue to be fit for purpose. They were last reviewed in September 2022. The Board concluded that the Matters Reserved for the Board continued to be fit for purpose, and no changes were made. Full details can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

# GOVERNANCE AND LEADERSHIP

**Dear Shareholder**

On behalf of the Board, I am pleased to present Compass Group PLC's annual Corporate Governance and Directors' Report for the financial year ended 30 September 2022. Throughout this and other parts of the Annual Report, we aim to provide investors and other stakeholders with an insight into the governance activities which have supported our performance during the year.

The Board's priorities remain consistent, with a continued focus on developing and implementing the Group strategy, succession planning, maintaining a strong governance framework and risk oversight.

The directors believe that the Board is well placed to perform its stewardship role to ensure that the Company continues to deliver long-term sustainable success. We will continue to adapt our approach where necessary and to promote and safeguard the interests of the Company and its shareholders into the future.

**Board changes, succession planning and talent pipeline**

Several changes were made to the Board during the year. Karen Witten stepped down as Group Chief Financial Officer (CFO) and John Bason retired as a non-executive director after almost 10 years on the Board. We appointed Palmer Brown as Group CFO, and Arlene Isaacs-Lowe and Sundar Raman as non-executive directors. These changes ensure that as we refresh the Board, we have the appropriate blend of skills and experience to promote the long-term sustainable success of the Company and to deliver on our commitment to Board diversity.

In the coming year, we plan to continue our work around succession planning to ensure that the Board comprises a majority of independent non-executive directors with the capability, skills and experience necessary to objectively challenge executive management, balanced with the need to ensure continuity on the Board. We will also endeavour to meet the new requirements prescribed by LR 9.8.6(9) of the Financial Conduct Authority's (FCA) Listing Rules which applies to Compass from the financial year ending 30 September 2023, and to continue our support of the aims of the FSTE Women Leaders Review in relation to gender diversity and of the Parker Review to improve ethnic diversity in UK business leadership.

As announced on 21 November 2022, Carol Arrowsmith will step down as the Chair of the Remuneration Committee following the conclusion of the Annual General Meeting to be held on 9 February 2023 and will be succeeded by John Bryant, Senior Independent Director. To ensure that there is continuity and an orderly transition, Carol will remain a member of the Committee. John has been a member of the Remuneration Committee since his appointment in 2018. He has significant experience in business and finance and is considered by the Board to have the appropriate experience, skills and attributes to be an effective Chair of the Remuneration Committee. On behalf of the Board, I would like to thank Carol for her dedication and invaluable service as Chair of the Remuneration Committee.

During the year, a number of changes were also made to the Group's Executive Committee. Shelley Roberts was appointed Group Chief Commercial Officer and joined the Committee in January. Kathinka Friis-Møller was appointed Regional Managing Director, Europe & Middle East in February, and became a member of the Executive

Committee on appointment. On 1 October 2022, Gaétan de L’Hermite was appointed Regional Managing Director, Asia Pacific and also joined the Executive Committee. Biographies of the members of the Executive Committee can be found on pages 58 to 60.

### BEIS consultation

During the year, the Company participated in the Department for Business, Energy & Industrial Strategy (BEIS) consultation process related to the UK government’s proposals for wide-ranging audit and corporate governance reforms that will introduce several fundamental changes to the corporate governance and reporting landscape. The precise nature of the proposed reforms has yet to be determined and will be delivered through a variety of mechanisms over a period of several years. In July 2022, the Financial Reporting Council (FRC) published a summary of how they plan to take forward the activities in their remit with a further consultation during the first quarter of 2023.

We will continue to monitor developments to ensure Compass remains well positioned to comply with any new statutory or regulatory changes.

### Board effectiveness

This year, an independent formal external evaluation of the Board and its committees was conducted in accordance with the UK Corporate Governance Code 2018 (the Code). The evaluation concluded that the Board and its Committees continue to be effective, but as ever, we will continue to challenge ourselves. More details of the evaluation process can be found in the Nomination Committee report on pages 84 and 85. In the coming year, we will build on the progress we have made to date, strengthening our existing governance structure and contributing to the ongoing success of the business, focusing on the priorities identified by this year’s evaluation process.



**IAN MEAKINS**

Chair of the Board

21 November 2022

## COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

### Compliance statement

It is the Board’s view that for the financial year ended 30 September 2022, the Company has been compliant with the principles and provisions set out in the UK Corporate Governance Code 2018 (the Code), with the exception of provision 38 (alignment of executive director pension contribution rates with those available to the workforce), for which phased arrangements are in place to ensure compliance by 31 December 2022, as detailed in the Remuneration Report on page 88. The Board considers it appropriate that there is a phased transition of existing pension benefits for executive directors in line with the Remuneration Policy which was approved by shareholders at the Annual General Meeting on 3 February 2022. The Policy also provides that, for directors appointed since the Policy was approved, the annual maximum pension allowance or contribution will be aligned to the maximum rate available to the majority of the wider UK workforce.

The Company’s auditor, KPMG LLP, is required to review whether the above statement reflects the Company’s compliance with the provisions of the Code specified for its review by the FCA’s Listing Rules and to report if it does not reflect such compliance. No such report has been made.

### Our commitment to corporate governance

The Board is committed to the high standards of corporate governance set out in the Code. The Code can be found on the FRC’s website, [www.frc.org.uk](http://www.frc.org.uk).

This Corporate Governance Report, together with the Directors’ Remuneration Report set out on pages 86 to 113, describes how the Board has applied the principles and complied with the provisions set out in the Code for the year under review.

The Directors’ Report also contains information required to be disclosed under the FCA’s Listing Rules and Disclosure Guidance and Transparency Rules. To the extent necessary, certain information is incorporated into this Report by reference.

Throughout the Governance and Directors’ Report, we have set out how we have applied the main principles and complied with the relevant provisions of the Code.

This Corporate Governance Report on pages 52 to 113 and the Other Statutory Disclosures on pages 114 to 117 together with the Directors’ Responsibilities Statement on page 118 and the Strategic Report on pages 2 to 51, which have been incorporated into this Report by reference, make up the Directors’ Report.

#### 1 Board leadership and company purpose

Compass is led by an effective and committed Board dedicated to promoting the long-term sustainable success of the Company, generating value for shareholders, and contributing to wider society. The Board has established the Company’s purpose, values and strategy which are aligned with its culture.

*Read more on pages 52 to 73.*

#### 2 Division of responsibilities

The roles of the Chair of the Board and the Group Chief Executive Officer (CEO) are separate, and there is an appropriate combination of executive and independent non-executive directors. The responsibilities of the Chair, Group CEO and Senior Independent Director (SID) are set out in writing.

*Read more on pages 62 to 64.*

#### 3 Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. Succession plans, designed to promote diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths, are in place for the Board and senior management. The Board and its committees are evaluated annually, in accordance with the Code.

*Read more on pages 82 to 85.*

#### 4 Audit, risk management and internal control

Formal, transparent policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions, the integrity of financial and narrative statements, and to manage and mitigate risks.

*Read more on pages 74 to 78.*

#### 5 Remuneration

Compass has remuneration policies designed to support its strategy and promote long-term sustainable success. Executive remuneration is aligned to the Company’s purpose and values and is clearly linked to the delivery of long-term strategy.

*Read more on pages 86 to 113.*

## BOARD OF DIRECTORS

# BOARD OF DIRECTORS



**IAN MEAKINS** (66)  
Chair of the Board

**Appointment:** Appointed to the Board in September 2020. Became Chair of the Board in December 2020.

**Key skills and competencies:** Ian is an experienced Chair and former CEO with a strong background in B2B and B2C businesses across a variety of sectors in global organisations.

**Current external appointments:** Ian is non-executive Chair of Rexel SA.

**Previous experience:** Ian is former Chief Executive of Wolseley plc (now Ferguson plc), Travelex Holdings Ltd and Alliance Unichem plc (until its merger with Boots). Prior to that he held positions at Diageo plc, Bain & Company and Procter & Gamble, and was a founding partner at Kalchas Group management consultants. Ian was previously a non-executive director of O2 plc and SID at Centrica plc. He was formerly non-executive Chair of The Learning Network B.V.



**DOMINIC BLAKEMORE** (53)  
Group Chief Executive Officer (CEO)

**Appointment:** Joined the Board in February 2012. Previously held the roles of Group CFO, Group COO, Europe and Deputy Group CEO. Assumed the role of Group CEO in January 2018.

**Key skills and competencies:** Dominic has extensive financial management experience in a number of international businesses, together with general operational management experience. He is a chartered accountant.

**Current external appointments:** Dominic is a non-executive director of London Stock Exchange Group plc and a member of the Council of University College London.

**Previous experience:** Dominic is a former non-executive director of Shire plc, CFO of Iglo Foods Group Limited, and European Finance & Strategy Director at Cadbury Plc having previously held senior finance roles at that company. Before that, Dominic was a director at PricewaterhouseCoopers LLP.



**PALMER BROWN** (51)  
Group Chief Financial Officer (CFO)

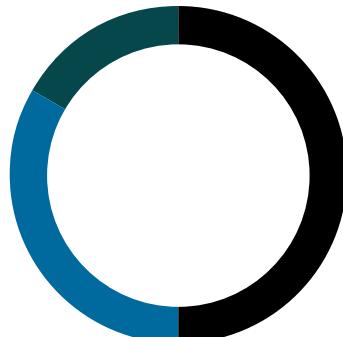
**Appointment:** Appointed to the Board in October 2021, having joined the Group in 2001. Assumed the role of Group CFO in November 2021.

**Key skills and competencies:** Palmer joined Compass in 2001. During his tenure, he has held a variety of senior finance, strategy and legal positions and played a central role as a member of the Executive team in North America. He also coordinated many of the acquisitions and disposals for the Group. Palmer has degrees in business and law and is a certified public accountant.

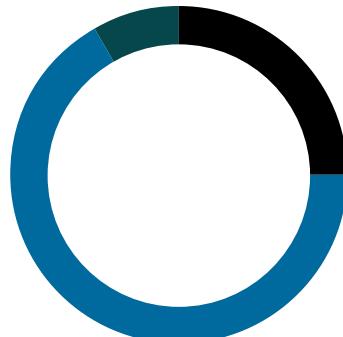
**Current external appointments:** None.

**Previous experience:** Palmer is a former Group Commercial Director and Chief Strategy Officer, Compass Group North America. Prior to that, he served as General Counsel and Executive Vice President of Corporate & Legal Affairs for the Group's US business.

## BOARD TENURE<sup>1</sup>



## BOARD BALANCE<sup>1</sup>



1. Data shown as at 30 September 2022.

## COMMITTEE MEMBERSHIP KEY

A Audit Committee      N Nomination Committee      C Chair      S Designated NED for workforce engagement  
C Corporate Responsibility Committee      R Remuneration Committee      R Senior Independent Director      S Secretary



**GARY GREEN** (65)  
Group Chief Operating Officer (COO),  
North America

**Appointment:** Joined the Board in January 2007. Appointed Group COO, North America, in April 2012.

**Key skills and competencies:** Gary brings strong business and operational leadership, business development, and wide-ranging sales experience. Gary is a chartered accountant and has an honorary doctorate from Johnson & Wales University in the US.

**Current external appointments:** None.

**Previous experience:** Gary joined the Group in 1986 in a senior finance role in the UK and became a UK director in 1992. He relocated to the US in 1994 as CFO of the Group's North America business and, in 1999, became its CEO.



**JOHN BRYANT** (57)  
Senior Independent Director (SID)

**Appointment:** Appointed to the Board in September 2018. Appointed SID in February 2021. Will succeed Carol Arrowsmith as Chair of the Remuneration Committee following the conclusion of the AGM on 9 February 2023.

**Key skills and competencies:** John brings over 30 years' experience to the Board with a particular focus on finance, operations, M&A, strategy and portfolio transformation.

**Current external appointments:**

Non-executive director of Coca-Cola  
Europacific Partners plc, Ball Corporation  
and Macy's Inc.

**Previous experience:** John is a former Executive Chair and CEO of global consumer goods company Kellogg. Prior to joining Kellogg in 1998, John held strategic and operational roles in several companies, worldwide.



**CAROL ARROWSMITH** (68)  
Non-executive director

**Appointment:** Appointed to the Board and as Chair of the Remuneration Committee in June 2014. Will step down as Remuneration Committee Chair following the conclusion of the AGM on 9 February 2023.

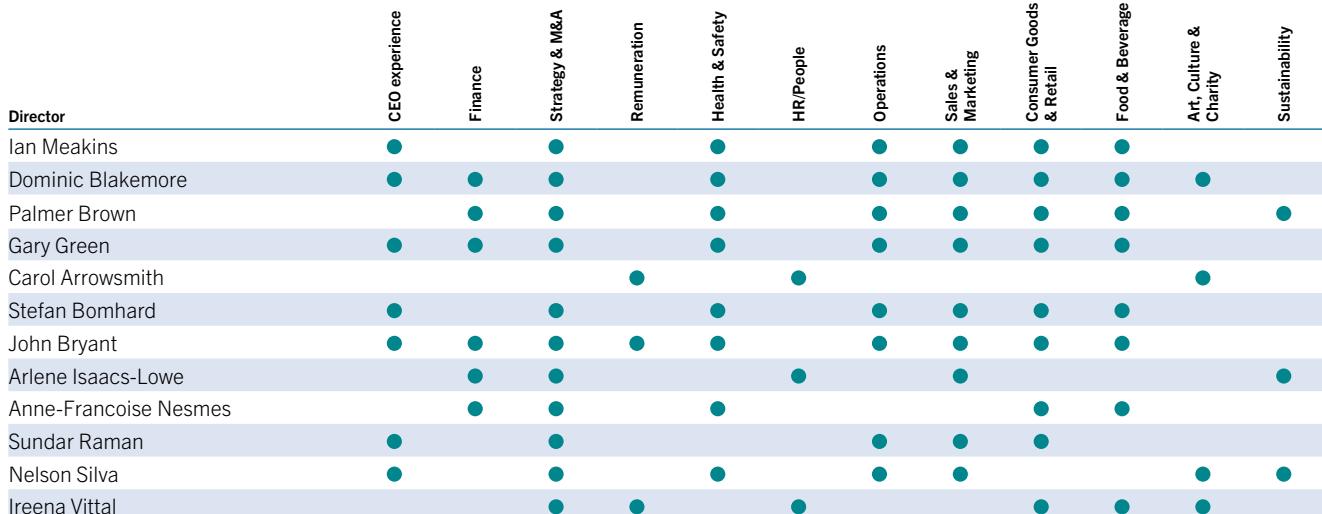
**Key skills and competencies:** Carol brings extensive advisory experience, especially in advising boards on executive remuneration across a range of sectors. She is a Fellow of The Chartered Institute of Personnel and Development.

**Current external appointments:**

Non-executive director of Centrica plc  
and a director and trustee of Northern  
Ballet Limited.

**Previous experience:** Carol is a former partner and adviser of Deloitte LLP and Vice Chair of their UK business, a director of the Remuneration Consultants Group and Arrowsmith Advisory Limited, a non-executive director of Vivo Energy PLC and TMF Group Limited, and a member of the Advisory Group for Spencer Stuart.

## Diversity of skills and experience



## BOARD OF DIRECTORS CONTINUED



A C N R

**STEFAN BOMHARD** (55)

Non-executive director

**Appointment:** Appointed to the Board in May 2016.

**Key skills and competencies:** Stefan brings extensive experience of working in international environments, particularly in the operation, sales and marketing of well-known consumer food and drink brands.

**Current external appointments:** CEO of Imperial Brands PLC.

**Previous experience:** Stefan is a former CEO of Inchcape plc. Before joining Inchcape, he was President of Bacardi Limited's European region and was also responsible for its global commercial organisation and global travel retail. Previous roles have included a number of worldwide senior positions at Cadbury Plc, Unilever PLC, Diageo plc, Burger King and Procter & Gamble.



A C N R

**ARLENE ISAACS-LOWE** (63)

Non-executive director

**Appointment:** Appointed to the Board in November 2021.

**Key skills and competencies:** Arlene brings over 20 years' executive experience in sustainability, finance, strategy and sales across the US, Europe, the Middle East and Africa.

**Current external appointments:**

Non-executive director of Equitable Holdings, Inc. and Xenia Hotels & Resorts, Inc., member of the Advisory Board of Agbanga Karite LLC and member of the advisory board of Howard University School of Business.

**Previous experience:** Arlene is a former Global Head of CSR of Moody's Corporation, where she developed and implemented their global CSR strategy. She joined Moody's Corporation in 1998, where she held various senior leadership, analytical, commercial and relationship management roles. Prior to joining Moody's, Arlene was CFO of Equinox Realty Advisors LLC, and before that, she was a portfolio manager with MetLife Realty Group, Inc.



A C N R

**ANNE-FRANCOISE NESMES** (51)

Non-executive director

**Appointment:** Appointed to the Board in July 2018. Appointed Chair of the Audit Committee in February 2021.

**Key skills and competencies:** Anne-Francoise has a wealth of experience in finance and accounting in international organisations with a strong focus on strategy, M&A and governance. She is a chartered management accountant.

**Current external appointments:** CFO of Smith+Nephew PLC.

**Previous experience:** Anne-Francoise is a former CFO of Merlin Entertainments PLC and Dechra Pharmaceuticals PLC, and also held a number of senior finance roles during her 16-year tenure at GlaxoSmithKline.

## COMMITTEE MEMBERSHIP KEY

A Audit Committee

N Nomination Committee

Chair

Designated NED for workforce engagement

C Corporate Responsibility Committee

R Remuneration Committee

Senior Independent Director

Secretary



A C N R

**SUNDAR RAMAN** (47)

Non-executive director

**Appointment:** Appointed to the Board in January 2022.

**Key skills and competencies:** Sundar brings over 20 years' experience as an executive in the US, operating in highly competitive markets and successfully growing global consumer brands.

**Current external appointments:** Global CEO of Procter & Gamble's Fabric and Home Care business and a member of the Board of the National Underground Railroad Freedom Center.

**Previous experience:** Sundar is a former Chair of the American Cleaning Institute and a former President, Home Care and P&G Professional with Procter & Gamble. Sundar started his career with Procter & Gamble in 1998 as a market analyst and has held a number of senior leadership roles in business intelligence, marketing and innovation across a variety of product lines and market segments.



A C N R

**NELSON SILVA** (67)

Non-executive director

**Appointment:** Appointed to the Board in July 2015. Appointed Chair of the Corporate Responsibility Committee in February 2017.

**Key skills and competencies:** Nelson has considerable executive management experience in a variety of senior leadership roles within major international companies, with a particular focus on Brazil.

**Current external appointments:** Non-executive director of Nutrien Ltd, Altera Infrastructure L.P. (private company) and an adviser to Appian Capital Advisory LLP and HSB Solomon Associates LLC.

**Previous experience:** Nelson is a former executive director of Petróleo Brasileiro S.A., CEO of BG Group in South America, non-executive director of Cosan Limited, Managing Director of Embraer for Europe and Africa, CEO of All Logistica in Argentina and President of BHP Billiton's Aluminium business unit. Prior to joining BHP Billiton, Nelson held a number of senior positions at Vale S.A., including Sales and Marketing Director.



A C N R

**IREENA VITTAL** (54)

Non-executive director and Designated NED for workforce engagement

**Appointment:** Appointed to the Board in July 2015. Appointed Designated NED for workforce engagement in October 2019.

**Key skills and competencies:** Irene brings strong advisory, business and operational experience across a variety of retail businesses, with a particular focus on India.

**Current external appointments:** Non-executive director of Diageo plc, Godrej Consumer Products Limited, WIPRO Limited and Housing Development Finance Corporation Limited and an independent director of UrbanClap Technologies India Private Limited.

**Previous experience:** Irene is a former non-executive director of Titan Company Ltd, The Indian Hotels Company Limited, Cipla Limited, Tata Global Beverages Limited, Tata Industries, Zomato Media Private Limited, GlaxoSmithKline Consumer Healthcare and Axis Bank Limited; and Head of Marketing and Sales at Hutchinson Max Telecom and partner at McKinsey and Company.



A C N R

**ALISON YAPP** (57)

Group General Counsel and Company Secretary

**Appointment:** Joined the Group in August 2018. Appointed Group General Counsel and Company Secretary in October 2018.

**Key skills and competencies:** Alison has more than 25 years' international experience in FTSE and NYSE listed companies across the services, industrial and engineering sectors. She has significant experience in strategic M&A, crisis and change management. Alison is a solicitor.

**Current external appointments:** None.

**Previous experience:** Alison is the former Chief General Counsel and Company Secretary of Amec Foster Wheeler plc, Company Secretary and General Legal Counsel of Hays plc and Company Secretary and Group Legal Adviser of Charter plc. Prior to joining Charter, Alison held a number of senior legal roles at Johnson Matthey plc and was a corporate and commercial lawyer at Turner Kenneth Brown.

## EXECUTIVE COMMITTEE

# EXECUTIVE COMMITTEE



G

**DOMINIC BLAKEMORE (53)**

Group CEO

**Appointment:** Joined the Board in February 2012. Previously held the roles of Group CFO, Group COO, Europe and Deputy Group CEO. Assumed the role of Group CEO in January 2018.

**Key skills and competencies:** Dominic has extensive financial management experience in a number of international businesses, together with general operational management experience. He is a chartered accountant.

**Previous experience:** Dominic is a former non-executive director of Shire plc, CFO of Iglo Foods Group Limited, and European Finance & Strategy Director at Cadbury Plc having previously held senior finance roles at that company. Before that, Dominic was a director at PricewaterhouseCoopers LLP.



**ALISON YAPP (57)**

Group General Counsel and Company Secretary

**Appointment:** Joined the Group in August 2018. Appointed Group General Counsel and Company Secretary in October 2018.

**Key skills and competencies:** Alison has more than 25 years' international experience in FTSE and NYSE listed companies across the services, industrial and engineering sectors. She has significant experience in strategic M&A, crisis and change management. Alison is a solicitor and holds an LLB (Hons) from Bristol University.

**Previous experience:** Alison is the former Chief General Counsel and Company Secretary of Amec Foster Wheeler plc, Company Secretary and General Legal Counsel of Hays plc and Company Secretary and Group Legal Adviser of Charter plc. Prior to joining Charter, Alison held a number of senior legal roles at Johnson Matthey plc and was a corporate and commercial lawyer at Turner Kenneth Brown.



D G T

**PALMER BROWN (51)**

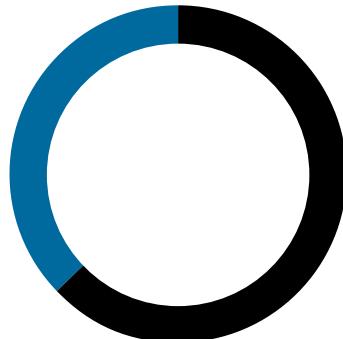
Group CFO

**Appointment:** Appointed to the Board in October 2021, having joined the Group in 2001. Assumed the role of Group CFO in November 2021.

**Key skills and competencies:** Palmer joined Compass in 2001. During his tenure, he has held a variety of senior finance, strategy and legal positions and played a central role as a member of the Executive team in North America. He also coordinated many of the acquisitions and disposals for the Group. Palmer has degrees in business and law and is a certified public accountant.

**Previous experience:** Palmer is a former Group Commercial Director and Chief Strategy Officer, Compass Group North America. Prior to that, he served as General Counsel and Executive Vice President of Corporate & Legal Affairs for the Group's US business.

**DIRECT REPORTS TO EXECUTIVE COMMITTEE<sup>1</sup>**



Male	63%
Female	37%

1. Data shown as at 30 September 2022.

## COMMITTEE MEMBERSHIP KEY

D Disclosure Committee

G General Business Committee

T Treasury Management Committee



**DEBORAH LEE** (48)  
Group Chief People Officer

**Appointment:** Appointed to the Executive Committee in September 2021, having joined the Group in 2019.

**Key skills and competencies:** Deborah is highly experienced in strategic leadership, stakeholder engagement and people management in multinational environments. She is a chemistry graduate from Imperial College, London, holds a post-graduate qualification in Personnel Management, an HR MBA and is a Fellow of The Chartered Institute of Personnel and Development.

**Previous experience:** Deborah started her career at BT as a graduate in 1997, where she spent almost 20 years in various senior leadership roles across HR and learning and development.

In 2016, she joined a luxury Italian online fashion retailer as Chief People Officer before joining Compass in 2019 as Group Engagement Director. Deborah possesses a wealth of global experience, having studied and worked in the US, Europe and the UK.



G

**GARY GREEN** (65)  
Group COO, North America

**Appointment:** Joined the Board and Executive Committee in January 2007. Appointed Group COO, North America, in April 2012.

**Key skills and competencies:** Gary brings strong business and operational leadership as well as business development and wide-ranging sales experience. Gary is a chartered accountant and has an honorary doctorate from Johnson & Wales University in the US.

**Previous experience:** Gary joined the Group in 1986 in a senior finance role in the UK and became a UK director in 1992. He relocated to the US in 1994 as CFO of the Group's North America business and in 1999 became its CEO.



**SHELLEY ROBERTS** (47)  
Group Chief Commercial Officer

**Appointment:** Appointed to the Executive Committee in January 2022, having joined the Group in 2017.

**Key skills and competencies:** Shelley has extensive strategic, operational and commercial management experience, including M&A, gained in leadership positions with Australian and FTSE listed organisations in highly complex operating environments. She is a Chartered Accountant (ICAEW), a graduate of the Australian Institute of Company Directors and holds a Bachelor of Business Science and Finance (Hons) from the University of Cape Town.

**Previous experience:** Prior to joining Compass, Shelley was the Chief Operating Officer at Sydney Airport, Managing Director of Tiger Airways and also worked in investment banking at Macquarie Bank as a Division Director in Australia. Shelley qualified as a Chartered Accountant at KPMG in London, subsequently joining easyJet Plc, where she held various senior finance and strategy roles in the UK.

## EXECUTIVE COMMITTEE CONTINUED

## COMMITTEE MEMBERSHIP KEY

D Disclosure Committee

G General Business Committee

T Treasury Management Committee

**ROBIN MILLS** (55)

Managing Director, UK &amp; Ireland

**Appointment:** Appointed to the Executive Committee in November 2015, having joined the Group in 2008. Appointed Managing Director of the Group's UK & Ireland business in November 2019.

**Key skills and competencies:** Robin holds a bachelor's degree in History. He is a respected innovator with significant experience in people management and business operations.

**Previous experience:** Robin has held a variety of roles at Compass. Previously, Robin was Managing Director of Chartwells, UK and Group Chief People Officer. Prior to joining Compass, Robin's career included senior HR roles at Scottish and Newcastle Breweries, Diageo plc and Woolworth's (part of Kingfisher PLC).

**KATHINKA FRIIS-MØLLER** (47)

Regional Managing Director, Europe and the Middle East

**Appointment:** Appointed to the Executive Committee in February 2022, having joined the Group in 2012.

**Key skills and competencies:** Kathinka has extensive commercial and operational experience and significant experience in change management. Kathinka holds a BI Executive in Board Management from Oslo Norwegian Business School, and a Bachelor's degree in International Business from Oslo University.

**Previous experience:** Kathinka has led the Group's Nordic business since 2017 and was instrumental in successfully integrating Fazer Food Services into the Group following its acquisition. She joined Compass in 2012 as Operations Director for Norway, later serving as MD of Norway from 2016 to 2020. Prior to joining Compass, Kathinka's career included a number of senior roles, including Operations Manager at a Nordic facilities management company.

**JAMES MEANEY** (58)

Regional Managing Director, Latin America

**Appointment:** Joined the Group and appointed to the Executive Committee in 2017.

**Key skills and competencies:** James is highly experienced in business development and leadership and holds a Bachelor's Degree in economics from Notre Dame University, an MBA from Harvard and completed INSEAD's advanced management programme.

**Previous experience:** James has spent over 30 years in Latin America as an entrepreneur, executive and non-executive Board Member and in several service-based organisations in the region, including Founder and President of Contax SA, COO at Oi SA and Board and Audit Committee member at Gol Linhas Aereas.

**GAÉTAN DE L'HERMITE** (49)

Regional Managing Director, Asia Pacific

**Appointment:** Appointed to the Executive Committee in October 2022, having joined the Group in 2002.

**Key skills and competencies:** Gaétan has 20 years' international experience working at Compass where he has held a number of Managing Director roles in Africa, Central Asia, Ireland and more recently in France. During his time with the Group, Gaétan has acquired strong business development and operational leadership acumen and brings significant experience in market innovation and change management.

**Previous experience:** Gaétan started his career in audit with accounting firm Mazars before moving to management consulting at Deloitte where he specialised in large scale outsourcing projects. Gaétan holds an MSc in Management from Emylon Business School.

## DIVERSITY

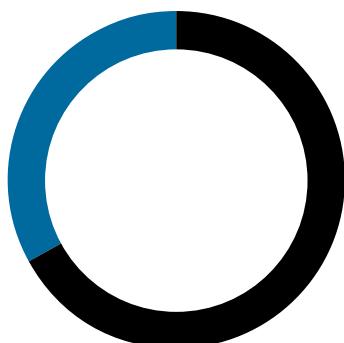
In accordance with LR 9.8.6(9) of the FCA's Listing Rules, the tables below set out details of the diversity of the individuals on the Board and Executive Committee at the date of this Report.

Gender Identity or Sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	8	67%	4	6	60%
Women	4	33%	—	4	40%
Other categories	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Ethnic Background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	9	75%	4	9	90%
Mixed/Multiple ethnic groups	—	—	—	1	10%
Asian/Asian British	2	17%	—	—	—
Black/African/Caribbean/Black British	1	8%	—	—	—

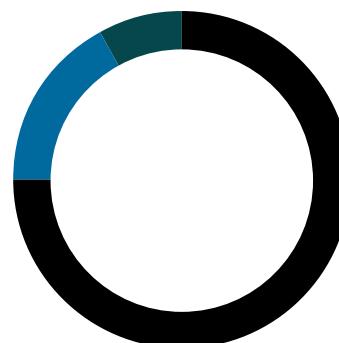
## Board

### GENDER IDENTITY OR SEX



Men	67%
Women	33%

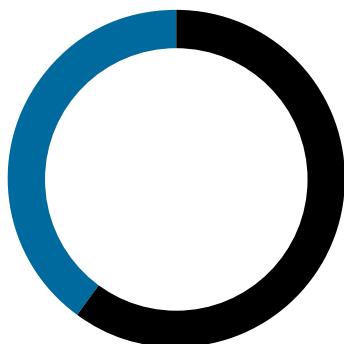
### ETHNIC BACKGROUND



White British or other white (including minority-white groups)	75%
Asian/Asian British	17%
Black/African/Caribbean/Black British	8%

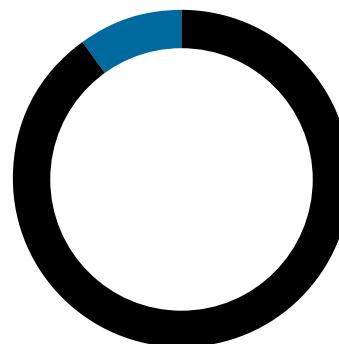
## Executive Committee

### GENDER IDENTITY OR SEX



Men	60%
Women	40%

### ETHNIC BACKGROUND



White British or other white (including minority-white groups)	90%
Mixed/multiple ethnic groups	10%

## Notes to tables

LR 9.8.6(9) of the FCA's Listing Rules does not apply to Compass until the financial year ending 30 September 2023. However, in the interests of transparency, the Company has chosen to disclose the above information in this year's Annual Report.

1. The information above is stated as at the date of this Report. The date of disclosure has been chosen to reflect the most up to date membership of the Executive Committee, which includes the appointment of Gaétan de L'Hermite in October 2022.
2. The information above for both the Board and the Executive Committee contains data for three executive directors, Dominic Blakemore, Palmer Brown and Gary Green who are members of both the Board and the Executive Committee.

# RESPONSIBILITIES DIVISION OF



The Board is responsible for establishing the Group's purpose, values, strategy and objectives to generate and preserve value over the long term for shareholders and to contribute to wider society. In carrying out its responsibilities, the Board considers opportunities and risks to the future success of the business, the sustainability of the business model and the Group's governance. The Board is responsible for monitoring progress made against its strategic objectives, approving proposed actions, ensuring that the appropriate internal controls are in place, and reviewing their effectiveness. The Board is assisted by four principal committees (Audit, Corporate Responsibility, Nomination and Remuneration), each of which is responsible for reviewing and dealing with matters within its own terms of reference.

The Board leads the Group's governance structure

# RESPONSIBILITIES OF THE BOARD

## Leadership

The Board leads the Group's governance structure. It provides stewardship of the Company to safeguard its long-term sustainable success, creating value for shareholders and enabling the Company and its subsidiaries to contribute to the communities and wider societies in which they operate. The Board is responsible for setting the tone from the top by demonstrating leadership.

## Purpose, values and culture

The Group's corporate culture is integral to its success; it defines Compass, what the Company stands for, and how it does business. Compass' reputation has been built on a solid foundation of ethical values, underpinned by a well-defined and effective system of governance. This culture has assisted in the creation and protection of the long-term value of the Company and supports its strategy to deliver sustainable growth.

The Board defines the purpose of the Company and the values that guide it. A common set of expected behaviours based on Compass' corporate values and an effective system of governance are represented in the Code of Business Conduct and Code of Ethics. These have shaped and embedded a strong ethical and governance culture across the Group.

The Group CEO and other members of the executive management team take an active lead, providing encouragement and support to colleagues to ensure that ethical standards are maintained, and good governance is put into practice.

Key functions such as Legal, Finance, People, Ethics and Integrity and Internal Audit are also empowered to promote, embed and integrate good standards of ethical behaviour and corporate governance across the Group.

The Board, supported by its committees, monitors the alignment of the Group's culture with its purpose, values and strategy through a variety of mechanisms, cultural indicators and reporting lines, including those summarised below.

## Cultural indicators

### Health and safety

- Lost Time Incident Frequency Rate (LTIFR)
- Food Safety Incident Rate (FSIR)
- safety walks and results

### People

- results of the global employee engagement survey and pulse surveys
- gender pay gap disclosures
- Diversity, Equity and Inclusion (DE&I) statistics

## Ethics and integrity

- Internal Audit reports
- annual confirmation of compliance and pledge to continue complying with the Code of Ethics and Code of Business Conduct by senior managers
- Speak Up, We're Listening statistics and trends

## Clients and suppliers

- adherence to the Global Supply Chain Integrity Standards
- client retention rates
- supplier audits

## Sustainability

- greenhouse gas emissions
- waste reduction
- sustainable sourcing

## Workforce engagement

The Designated Non-executive director for workforce engagement provides a communication channel between the Group's workforce and the Board to ensure that the employee voice is represented in the boardroom. This year, as part of a structured programme of engagement designed and supported by the Group Chief People Officer, the Designated Non-executive director for workforce engagement, Irene Vittal, met with a diverse section of employees representing different sectors, countries and cultures. In total, four meetings were held, and the outcome of the discussions was reported back to the Corporate Responsibility Committee.

*Read more about these workforce engagement sessions on page 69.*

## Governance and risk

The Board is responsible for oversight of risk and for setting risk appetite. It ensures that the necessary resources are in place for the Company to meet its objectives and measure its performance. A robust governance and risk management framework is in place to ensure that each business is being operated and managed appropriately, and that prudent and effective controls are in place to identify emerging and principal risks and to manage and mitigate those risks. Read more about risk management on pages 22 to 28.

## Group strategy

The Board's approval, effective oversight and monitoring of the implementation of strategy are vital to the long-term sustainable success of the Group. The Board considers and approves the Group's strategic aims over the short, medium and long-term. The implementation of strategy is monitored and evaluated on an ongoing basis. Food service remains at the core of Compass' strategy. The market for food service continues to provide significant structural growth opportunities. To ensure Compass remains well placed to capture future market opportunities, the business will continue to create innovative, bespoke offerings that meet the needs of clients and consumers. More details of Compass' business model and strategy can be found on pages 2 to 51.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

**Accountability to shareholders and consideration of other stakeholders**

The Board ensures that the Company continues to operate in the best interests of its shareholders as a whole and is collectively accountable to them for its success. In exercising its duty to promote the success of the Company, the Board has regard to other stakeholders, the environment, the reputation of the Company and the need to act fairly between its members. How the Company engages with its stakeholders is described on pages 68 to 72. The Company's Section 172 statement can be found on page 4.

**Management delegation and oversight**

The Board delegates the delivery of strategy and day-to-day operational management of the Group to the Executive Committee which is led by the Group CEO.

**Roles in the boardroom**

The Board comprises executive and non-executive directors, which ensures that no individual or small group of individuals dominates the Board's decision-making. All non-executive directors, except the Chair of the Board, are considered to be independent. The Chair was considered to be independent on appointment. The roles and responsibilities of Board members are detailed below and demonstrate a clear division between the roles and responsibilities of the Board and executive management. The role descriptions of the Chair of the Board, Group CEO and SID are reviewed annually by the Board and are updated as necessary to reflect changes in legislation or best practice. These documents were last reviewed in September 2022. It was concluded that the documents in their current form continue to be fit for purpose and no changes were made.



*Copies of the documents can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com)*

**Non-executive Chair**

Leading the Board and ensuring its overall effectiveness in discharging its duties

- shaping the culture in the boardroom and promoting openness, challenge and debate
- setting the agenda for Board meetings, focusing on strategy, performance, value creation, risk management, culture, stakeholders and accountability
- chairing meetings and ensuring there is timely information flow before meetings and adequate time for discussion and debate
- fostering relationships based on trust, mutual respect and open communication inside and outside the boardroom
- leading relations with major shareholders in order to understand their views on governance and performance against strategy

**Independent Non-executive directors**

Ensuring that no individual or small group of individuals can dominate the Board's decision-making

- independent non-executive directors meeting the independence criteria set out in the Code comprise more than half of Board membership
- providing constructive challenge, giving strategic guidance, offering specialist advice and holding executive management to account

**Designated Non-executive director for workforce engagement**

Providing an effective engagement mechanism for the Board to understand the views of the workforce

- bringing the views and experiences of the workforce into the boardroom
- enabling the Board to consider the views of the workforce in its discussions and decision-making

**Senior Independent Director**

Providing a sounding board for the Chair of the Board and serving as an intermediary for other directors and shareholders

- providing the Chair of the Board with support in the delivery of objectives, where necessary
- working closely with the Nomination Committee, leading the process for the evaluation of the Chair of the Board and ensuring orderly succession to the Chair role
- acting as an alternative contact for shareholders, providing a means of raising concerns other than with the Chair of the Board or senior management

**Group CEO and Executive directors**

Leading the implementation of the Group's strategy set by the Board

- Group CEO: leads the Executive Committee and is responsible for ensuring its effectiveness in managing the overall operations and resources of the Group and leading the implementation of the Group's strategy
- executive directors: providing information and presentations to the Board and participating in Board discussions regarding Group management, financial performance and operational matters

**Group General Counsel and Company Secretary**

Supports the Chair of the Board and ensures directors have access to the information they need to carry out their roles

- providing a channel for Board and committee communications and a link between the Board and management
- advising the Board on legal and corporate governance matters and supporting the Board in applying the Code and complying with UK listing obligations, and other statutory and regulatory requirements

## Board meetings

Board meetings are held through a combination of physical and virtual attendance. Each year, the Board aims to hold one or two meetings overseas. This year, the Board visited the Group's largest business in the US. These visits provide an opportunity to assess local management performance and potential, to gain further insight into how the business works on a day-to-day basis and to speak face-to-face with local management and listen to their views.

By visiting operations, directors meet with a diverse group of colleagues including regional and country management and high potential employees on a more informal basis, which supports the succession planning process.

The format of visits often comprises a macroeconomic overview of the country, its social and political systems, challenges and opportunities facing the business, combined with a review of the competitive landscape, and a detailed review of the relevant sectors in which the business operates, its people, and three-year plan.

In addition to health and safety and routine financial and operating reports and updates, the Board spends time debating and formulating Group strategy and reviewing performance against the strategy.

Meetings between the Chair of the Board and non-executive directors, both with and without the presence of the Group CEO, are scheduled in the Board's annual programme.

During the year, the non-executive directors held regular meetings without the presence of the executives, typically following each Board meeting. These meetings provide the non-executive directors with a forum in which to share experiences and discuss wider business topics.

## Scheduled Board and committee meeting attendance table<sup>1</sup>

	Board		Audit Committee		Corporate Responsibility Committee		Nomination Committee		Remuneration Committee	
	Eligible to attend <sup>2</sup>	Meetings attended	Eligible to attend <sup>2</sup>	Meetings attended	Eligible to attend <sup>2</sup>	Meetings attended	Eligible to attend <sup>2</sup>	Meetings attended	Eligible to attend <sup>2</sup>	Meetings attended
Carol Arrowsmith	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
John Bason <sup>3</sup>	2	<b>2</b>	—	—	1	<b>1</b>	1	<b>1</b>	—	—
Dominic Blakemore	6	<b>6</b>	—	—	3	<b>3</b>	—	—	—	—
Stefan Bomhard	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Palmer Brown	6	<b>6</b>	—	—	3	<b>3</b>	—	—	—	—
John Bryant	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Gary Green	6	<b>6</b>	—	—	—	—	—	—	—	—
Arlene Isaacs-Lowe	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Ian Meakins	6	<b>6</b>	—	—	3	<b>3</b>	5	<b>5</b>	—	—
Anne-Francoise Nesmes	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Sundar Raman <sup>4</sup>	5	<b>5</b>	2	<b>2</b>	2	<b>2</b>	4	<b>4</b>	2	<b>2</b>
Nelson Silva	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Ireenea Vittal	6	<b>6</b>	3	<b>3</b>	3	<b>3</b>	5	<b>5</b>	3	<b>3</b>
Karen Witts <sup>5</sup>	—	—	—	—	—	—	—	—	—	—

1. In addition to the scheduled meetings above, there were a number of out of schedule Board and committee meetings held during the year to deal with specific ad-hoc matters.

2. Maximum number of scheduled meetings a member was eligible to attend.

3. Ceased to be a member of the Audit and Remuneration Committees on 2 February 2021. Retired as a director at the conclusion of the 2022 AGM.

4. Appointed to the Board on 1 January 2022.

5. Stepped down from the Board on 31 October 2021.

# BOARD ACTIVITIES

DURING THE FINANCIAL YEAR, THE KEY ACTIVITIES OF THE BOARD WERE:



Strategy and operations	46%
Business reviews	17%
Financial performance	14%
Governance and investor relations	11%
Risk	12%

## Strategy and operations

- holding a dedicated Group strategy meeting which focused on the current contract catering industry, global trends and opportunities, digital and other strategic priorities
- approving the Group strategy
- reviewing the individual strategies for each of the regions
- receiving regular reports from the Group CEO on progress against the Group strategy
- considering and approving numerous projects, including the decision to launch a sustainable financing framework to enable the Group to issue green, social and sustainability bonds, as well as other types of financing in support of its ESG objectives, including its net zero commitment
- receiving updates on initiatives to further the Group's climate net zero commitments
- receiving a presentation on ESG as a commercial differentiator
- regularly reviewing the M&A pipeline and approving acquisitions and disposals as required, including the permanent exit from the Group's Russian business and the move away from all known Russian suppliers
- receiving an in-depth presentation from the Chief People Officer, North America, outlining the People strategy for the region

## Business reviews

- visiting the Group's US business in the year and meeting with senior management and receiving presentations on, amongst other matters, risks and opportunities and financial and operational performance against strategy
- receiving updates on sector performance from several country managing directors (MDs) and sector heads
- receiving updates from the Asia Pacific, North America and Europe and the Middle East Regional MDs and their leadership teams

## Financial performance

- approving the Group's budget and three-year plan, and reviewing global trends, risks and opportunities, strategic framework and priorities including M&A and reward alignment
- receiving regular reports from the Group CFO and presentations from each of the Group's regional managing directors (RMDs) on performance
- receiving updates from key functional heads, e.g., Legal, Tax, Treasury, Information Systems and Technology, and People on matters that could have an impact on the Group's financial or operational performance
- approving the half-year and full-year financial statements and other trading updates

## Governance and investor relations

- reviewing the recommendations of the Nomination Committee following the external Board and committee evaluation
- reviewing directors' independence and any conflicts of interest
- reviewing and approving the Modern Slavery Act statement, matters reserved for the Board, committee terms of reference, individual role specifications for the CEO, Chair of the Board and SID and other key Group policy documentation, including the Board Diversity Policy
- holding the AGM, subsequently, discussing any issues arising from the AGM
- receiving reports on investor relations activities, including feedback from roadshows and directors' meetings held with institutional investors
- considering investor sentiment towards Compass
- attending the AGM to respond to shareholder questions about the Group and to meet on an informal basis with the Company's shareholders
- approving recommendations from the Nomination Committee in relation to changes to the Board composition
- receiving reports from Irene Vittal, Designated Non-executive director for workforce engagement on her roundtable meetings with colleagues from across the businesses – see further details on page 69

## Risk

- considering the biannual reviews of the material financial and non-financial risks facing the Group's businesses, including new and emerging risks, and agreeing the Group's principal risks at the half and full year
- identification of risks and opportunities, the development of action plans to manage risks and maximise opportunities, and the continual monitoring of progress against agreed key performance indicators

# BOARD ADMINISTRATION

## Information and support

All directors have access to the advice of the Group General Counsel and Company Secretary, who helps to ensure that Board procedures are followed, and good corporate governance and compliance processes and practices are adhered to. Together with the Group CEO and the Group General Counsel and Company Secretary, the Chair of the Board ensures that the Board is kept properly informed and is consulted on all matters reserved for it and that Board papers and other information are distributed in a timely fashion to allow directors to be properly briefed in advance of meetings.

The Board has established a procedure for directors, if deemed necessary, to take independent professional advice at the Company's expense in the furtherance of their duties.

In accordance with the Company's articles of association, directors have been granted an indemnity by the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The indemnity would not provide any coverage where a director is proved to have acted fraudulently or dishonestly. The Company has also arranged appropriate insurance cover in respect of potential legal action against its directors and officers.

## Board effectiveness, induction, training and development

A formal and rigorous annual evaluation of the Board, its committees, the Chair of the Board and individual directors is conducted every year. The Nomination Committee is responsible for overseeing the evaluation process. The Chair of the Board is responsible for acting on the evaluation's results, recognising strengths and addressing any areas for action that have been identified. The details of this year's external evaluation process can be found on page 84.

The Chair of the Board addresses the developmental needs of the Board. All directors are required to refresh and update their skills, knowledge, expertise, and familiarity with the Company on an ongoing basis; ensuring that the Board continues to operate as an effective team. A formal, comprehensive and tailored induction is provided to all directors following their appointment, including access to external training courses where appropriate, visits to key locations within the Group, and meetings with members of the Executive Committee, other senior executives and functional heads. The induction also covers a review of the Group's governance policies and structures, including details of the risks and operating issues facing the Group.

As part of ongoing training, the Board and its committees receive regular updates from expert external advisers such as the Group's auditors, external legal counsel, remuneration advisers and internal subject matter experts. The Chair of the Board, supported by the Nomination Committee, considers the training needs of directors as part of the annual evaluation process. Where a training need is identified by the Nomination Committee or the director, this is facilitated by the Group General Counsel and Company Secretary.

## Conflicts of interest

As part of their ongoing development, executive directors are permitted to take on one external non-executive role on a non-competitor board, subject to prior approval by the Board. Fees earned for the appointment may be retained by the director. The Board monitors the extent of directors' other interests and the time commitment required to fulfil those interests to ensure that the effectiveness of the Board is not compromised.

Each director has a duty under the Companies Act 2006 to avoid a situation in which they have, or might have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. This duty is in addition to the obligation owed to the Company to disclose to the Board an interest in any transaction or arrangement being considered by the Company. The Company's articles of association authorise the directors to approve such situations and to apply other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent directors (i.e., those with no interest in the matter under consideration) can make the relevant decision. In making a decision, the directors must act in good faith and in a way they consider most likely to promote the Company's success. Further, the directors may, if appropriate, impose limits or conditions when granting authorisation.

The Board considered and authorised each director's reported actual and potential conflicts of interest at its meeting in July 2022. It also considers any changes on an ad-hoc basis throughout the year. Any authorised conflicts are reviewed at least every 15 months.

# STAKEHOLDER ENGAGEMENT

Compass is a geographically and culturally diverse business with operations in around 40 countries. As a result, it has a global and diverse community of stakeholders, each with their own interests in and expectations of the Company.

As set out in the Strategic Report, we have a decentralised structure enabling the development of strategies on a country-by-country and sector-by-sector basis. The Board's role is therefore to provide a framework that gives the Group's businesses the freedom and flexibility to make decisions, pursue opportunities, and manage risks.

Responsibility for day-to-day operational management and implementation of Group strategy has been delegated to the Group Executive Committee, led by the Group CEO.

Country managing directors and local leadership teams are responsible for local strategy, execution, and compliance, in alignment with Group values, governance and standards. Depending on the region, an additional layer of regional and functional leadership is present.

The Group operates on a decentralised basis to ensure the effective day-to-day running of the Group's businesses which are managed by local country management teams. Practically, this involves a high level of delegation of communication with stakeholders to local management. As a result, stakeholder engagement primarily takes place at an operational level, and the Board relies on management to keep it informed of the impact of the Group's operations on its stakeholders.

During the year, the Board and the CR Committee considered information from across the Group's businesses and received presentations from management. This enabled the Board to consider the likely consequences of decisions over the long-term and, where relevant, the impact on stakeholders and the environment. Examples of decisions made during the year and the stakeholders impacted are described on page 73.

A summary of how Compass engages with its stakeholders and how the Board is involved and kept informed of stakeholder engagement follows.

## CLIENTS

### Why we engage

By understanding what is important to clients, Compass can ensure that its solutions are tailored to support their individual business objectives.

### How we engage

Compass maintains open and transparent relationships based on honesty and respect. Engagement with clients occurs in many ways, including:

- updating clients through quarterly business reviews
- creating targeted strategies to meet their sustainability goals
- hosting sustainability advisory councils
- gathering insights from social and print media
- collecting feedback from surveys
- hosting online events, podcasts and teaching kitchens
- utilising net promoter scores (NPS) in some markets

### Areas of focus

- talent recruitment and retention
- on-trend technology solutions
- DE&I
- clean, safe environments
- sustainability commitments: climate net zero, plant-forward menus, reduction of food waste and single-use plastics, supporting local communities
- providing cost effective, quality food solutions to our clients

### Engagement in the year

- Sustainability Advisory Council with key B&I clients in the Group's largest business in the US
- Stop Food Waste Day
- Chef Appreciation Week
- working as part of a global collaborative network for leading innovators in the food space
- developing custom solutions by consulting with clients
- webinars, roundtables and factsheets on topical issues, including inflation and the living wage

### How the Board has oversight

The Board is kept informed of business performance by the RMDs, who provide an overview of operations at a regional, country and sector level. The RMDs are supported by their senior leadership and marketing teams, who can offer further analysis of the client base. From these reports and those of the Group CEO and Group Chief Commercial Officer, the Board can form a view of the interests of the Group's clients and what is important to them.

## PEOPLE

### Why we engage

People are at the heart of the Group's strategy for growth. Compass wants employees to thrive in a fair and inclusive work environment. Understanding their needs and motivations helps to drive business performance and to provide a great place to work.

### How we engage

Employee engagement is primarily conducted through the Group's supportive management structure. A policy of honesty and openness facilitates feedback for discussion. Engagement takes many forms including surveys, roundtables, townhall meetings, Speak Up, We're Listening reports, internal social media channels and consultative bodies.

### Areas of focus

- health and wellbeing
- DE&I
- recognition and careers
- executive remuneration

### Engagement in the year

- hosting the global leadership conference in London
- global engagement survey
- virtual townhalls
- roundtables with the Designated Non-executive director for workforce engagement, Ireena Vittal
- DE&I Be the Difference conference in the US
- Respectful Behaviours programme in Australia
- launching several mobile apps to better connect with front-line colleagues

### How the Board has oversight

During the year, the Group CEO, Group CFO, Group Chief People Officer and other senior executives held townhalls and made presentations to update employees on the Group's strategy and performance, and on key initiatives such as the Group's climate net zero commitment. These sessions included a Q&A session for employees to ask questions about the Group's performance and the challenges and opportunities facing the business. A proportion of the time was also allocated during the sessions to celebrate and draw attention to the achievements of front-line colleagues and other employees, who were able to share their experiences of working at Compass.

For the first time in two years, the Board was able to travel to the Group's largest business in the US. During the visit, the Board received presentations from senior management and met with them on an informal basis. The Board also visited two client sites and one operational site and met with local management and their operational teams, which enabled the directors to engage directly with front-line employees.

### Designated Non-executive director for workplace engagement

During the year, Ireena Vittal, the Designated Non-executive director for workforce engagement, engaged directly with employees across the Group to understand their views and experiences of working at Compass, what could be improved and taking feedback on our approach to remuneration.

Four roundtable meetings were held with employees from a variety of sectors and businesses across the Group.

Sessions held	Countries represented		
2 March			UK Australia
4 March			Denmark France Japan
22 August			USA Colombia
23 August			Colombia UK Luxembourg

These roundtables provided Ireena with opportunities to hear directly from employees in an open environment, which in turn enabled the Board to better understand the differing views of our people.

Participants valued the opportunity to share experiences and learn from each other. They particularly appreciated the open, intimate structure of the sessions and the freedom to explore a variety of topics that are important to them.

The feedback from these roundtables was combined with the output from the Group's wider engagement activities and were reported to the CR Committee. The main themes arising from the roundtables included:

- positive sentiment about how Compass considers the wellbeing of its employees and the importance of maintaining focus in this area, particularly in the current climate
- increased pride in our brands and offerings has enabled new business wins and strong retention. Market conditions remain challenging, but through innovation and adaptability, the growth opportunity remains significant
- retention of our people across the business is critical for delivering ongoing success
- communication at all levels across the organisation has been effective in cascading messaging locally

*How the Board has considered the Group's employees in its decision making during the year is set out on page 73.*

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

## CONSUMERS

**Why we engage**

Compass serves people nutritious food and drink, which improves learning, helps them work better and recover better. As an organisation, Compass wants its consumers to thrive and creates environments to help them do that.

**How we engage**

Compass uses a variety of methods to engage with consumers including:

- gathering external consumer research and trends
- conducting internal surveys, comment cards, and focus groups
- front-line staff
- providing demonstrations through chefs' tables and teaching kitchens
- executing global campaigns e.g. Stop Food Waste Day
- promoting virtual teaching kitchens, podcasts and social media posts

**Areas of focus**

- clean and safe environments
- technology enabled solutions including apps to speed up service and alternative payment methods such as frictionless payment or payroll deduction
- safe, delicious and healthy food with a variety of offerings, including local and global flavours at a competitive price
- on-trend offers specifically around wellness and sustainability
- excellent service

**Engagement in the year**

- climate-friendly menus
- Stop Food Waste Day
- Chef Appreciation Week
- spotlighting local farmers and producers
- engaging with diverse suppliers

**How the Board has oversight**

The Board receives updates on trends from sector leaders, including details of opportunities, challenges and developments in consumer food services, e.g., product innovation and consumer interest in brand responsibility and sustainability. Understanding what is important to the Group's consumers and responding to evolving consumer trends and changes in consumer behaviour is essential to the success of the business. Management has well-established processes and solutions for capturing market information on changes in consumer trends.

These are reported to the Board by the Executive team, particularly through the Group CEO's reports and through presentations provided by the regional management teams and country managing directors.

## SHAREHOLDERS

**Why we engage**

Compass' philosophy is to engage in regular, open, transparent dialogue with existing and prospective shareholders. Their views and opinions are valued by and are shared with the Board which reviews the feedback and, where considered appropriate, takes action to address any concerns.

**How we engage**

Compass engages with existing investors through one-to-one and group meetings, webcasts, presentations, conference calls and the Company's AGM.

**Areas of focus**

- financial performance
- competitive positioning
- strategy and outlook
- ethical business practices and sound governance
- leadership and succession planning
- debt and liquidity
- sustainability and ESG

**Engagement in the year**

This year, as part of its proactive engagement programme organised by the Group's Investor Relations team, the Company held 332 meetings (virtually and in person), with representatives from 429 institutional investors through a mix of group and one-to-one appointments, of which more than 70 were attended by the Group CEO and/or Group CFO. The Chair of the Board and the Remuneration Committee Chair and other members of the Group's management such as the Group General Counsel and Company Secretary, Group Chief People Officer, Group Reward Director and Group Chief Commercial Officer, as appropriate, also engaged with investors on a wide range of matters including governance, people, remuneration and sustainability. The Company also conducted a perception study with its top 25 ESG investors to understand their views and welcomed the positive feedback.

The 2022 AGM was held at Twickenham Rugby Football Union stadium and was the first time in two years that the Company was able to hold a physical AGM. In light of the possibility of continued social distancing measures, the Company also offered shareholders the opportunity to watch the live meeting online and to ask the Board questions through a virtual chat facility in real time. Shareholders were also encouraged to submit questions in advance of the meeting. All questions and answers and footage of the AGM were posted on the Company's website.

**How the Board has oversight**

The Chair of the Board ensures that the Board maintains an appropriate dialogue with shareholders. The Group CEO, Group CFO and Director of Investor Relations and Corporate Communications meet regularly with institutional investors to discuss strategic issues and to make presentations on the Company's results. Committee Chairs are available to engage with major shareholders regarding their areas of responsibility. Non-executive directors develop an understanding of the views of major shareholders through regular updates from the Director of Investor Relations and Corporate Communications and from external advisers. The Group General Counsel and Company Secretary also acts as an important focal point for communications on corporate governance matters throughout the year, particularly around shareholder meetings. All shareholders are invited to attend the Company's AGM, which provides a forum where they can put questions to the Board and meet with individual directors and senior executives after the AGM.

## SUPPLIERS

### Why we engage

Compass engages with its suppliers to collaborate on building resilient and sustainable supply chains through mutually beneficial, lasting partnerships; to address shared challenges in responsible and sustainable sourcing; and to communicate the Group's supply chain standards, expectations and commitments.

### How we engage

The Group's businesses regularly communicate with their suppliers. Examples of how they engage include:

- regular open dialogue
- formal supplier surveys, reviews and audits
- hosting annual summits in large markets with senior operators, and with culinary and marketing leaders
- creating client roundtables for targeted sustainability initiatives
- utilising NPS
- attending conferences with key suppliers and NGOs involved in supply chain monitoring

### Areas of focus

- food safety and provenance
- workplace health and safety
- supply chain integrity
- human rights
- environmental impact
- food inflation
- labour shortages in the supply chain

### Engagement in the year

- plastic-free pilots with well-known soft drinks brands
- supplier collaboration to achieve centre of the plate sustainability commitments: e.g. cage-free eggs
- roundtable participation with ethical suppliers: Responsible Soy Association, Sustainable Palm Oil, Seafood Watch, Global Coalition for Animal Welfare
- supplier conferences organised by Foodbuy, the Group's procurement arm

### How the Board has oversight

The Board is kept informed about supply chain initiatives through the CR Committee, which receives reports from the Group Chief Commercial Officer, the Sustainability team and the Group Head of E&I, including work to identify and prevent modern slavery and human trafficking in the Group's businesses and supply chains.

## NON-GOVERNMENTAL ORGANISATIONS (NGOs)

### Why we engage

Compass engages with NGOs to ensure it stays up to date and develops effective action plans to enable it to have a positive impact on key social, environmental and economic issues relevant to our business.

### How we engage

Dialogue with NGOs is maintained through regular communications, interactions and meetings, as well as through industry association memberships and at forums and conferences.

### Areas of focus

- human rights
- climate change
- animal welfare
- social issues

### Engagement in the year

- contributed to ReFED Insights Engine (an NGO with a focus on food waste reduction) in the US
- key presenter at ReFED Food Waste Solutions summit in the US
- World Business Council for Sustainable Development workstreams, plus Asia Pacific culinary training programme
- Food Tank Chief Sustainability Officer roundtable
- founding member of and annual presenter at Menus of Change in the US
- regular dialogue with animal welfare NGOs

### How the Board has oversight

The Board is kept up to date on interactions with NGOs which support Compass with their knowledge and expertise. The CR Committee receives reports from the Group Chief Commercial Officer and the Group Sustainability team on key areas of focus, such as human rights, climate change and farm animal welfare.

## GOVERNANCE AND DIRECTORS' REPORT CONTINUED

## COMMUNITIES

**Why we engage**

Compass engages with the communities in which it operates in order to build trust by operating responsibly and sustainably; by addressing issues that are important to the communities; and by providing training opportunities, careers and support to local people, particularly those who are not in education, training or employment.

**How we engage**

Compass operates many local employment programmes to recruit and develop local people to work at its sites. This includes partnering with local charities and organisations to raise awareness and donating funds to help local causes. Surplus food is also donated to various organisations that pass it on to people in their communities who need it. Through The Compass Group Foundation, we engaged community organisations in the US, UK, Turkey, India and Spain to fund training opportunities for the most under-privileged groups.

**Areas of focus**

- fair employment and equal opportunities
- local causes and issues

**Engagement in the year**

We provided funding via The Compass Group Foundation and a number of employees volunteered their skills and expertise to amplify our impact:

- our Indian business is partnering with the Sai Swayam Society and Unnati to train young people with speech and hearing disabilities, and from very low-income backgrounds, respectively, in hospitality, computer, life and soft skills
- our Spanish business is working with Fundacion Integra to train women from disadvantaged groups, including victims of domestic violence, and will provide them with free access to hospitality certification via Compass Group Spain's Women's Academy
- our Turkish business engaged with the Down's Syndrome Association to train and place people with Down's Syndrome in jobs in the food and hospitality sector and raise awareness of the contribution of people with Down's Syndrome in the job market
- our UK business engaged with Foodcycle to recruit and train project leaders to undertake the running of community kitchens to support local communities' food security and tackle isolation
- our US business is supporting the Carolina Farm Stewardship Association to provide advice and support to small farmers in food safety planning and certification, focusing on sustainable farming practices and climate resiliency

**How the Board has oversight**

Compass aims to enrich the communities in which it operates and to minimise its impact on the environment. Our companies operate in culturally diverse communities with differing characteristics and needs. Community engagement is primarily achieved by liaison with local organisations and representatives and through initiatives sensitive to cultural differences. The Board is kept informed of activity through the CR Committee, which receives regular reports from the Group Chief Commercial Officer and the Sustainability team, and through presentations given by the regional and country management teams.

## GOVERNMENTS AND REGULATORS

**Why we engage**

It is important to engage with governments and regulators so as to communicate Compass' views to those who have the responsibility for implementing policy, laws and regulations relevant to our business.

**How we engage**

Compass views are made known through a series of industry consultations, forums and conferences.

**Areas of focus**

- consumer health and public health policies
- food safety
- workplace health and safety
- human rights
- climate change
- legal and regulatory compliance
- public sector procurement
- Government buying standards for food and catering services

**Engagement in the year**

- engagement with government departments responsible for environment, food and rural affairs
- consultation on food waste
- consultation on public sector procurement legislation
- changes to nutritional standards in the public sector
- participated in the BEIS consultation on audit and corporate governance reform

**How the Board has oversight**

The Group General Counsel and Company Secretary, Group Head of Tax and other subject matter experts regularly update the Board and its committees on regulatory developments affecting the Company and the Group.

# CONSIDERATION OF STAKEHOLDER INTERESTS DURING THE YEAR

The examples below give an insight into how the Board had regard for the interests of its stakeholders in its decision-making processes during the year.

## Key decision

<b>Climate change and environmental sustainability</b> <i>All stakeholders</i>	<p>In October 2021, Compass published its commitment to be carbon neutral worldwide on its scope 1 and 2 greenhouse gas emissions by 2030, and a further commitment to reach net zero greenhouse gas emissions across its global operations and value chain by 2050. This made Compass the first international company in the contract catering industry to announce a global commitment to a 2050 net zero emissions economy. The decarbonisation strategy will be delivered through collaboration with clients, industry associates, governments and suppliers, through innovation and investments across its global operations, and by encouraging sustainable consumption from clients and consumers.</p> <p>The commitment was made in recognition of the major role that the international food industry has to play in reaching climate net zero, and the belief that driving the transition to a healthy and sustainable food system through sustainable sourcing and eliminating food waste will transform the environmental impact of the Group's businesses.</p> <p>The global food supply chain is complex, and the scale of the commitment has not been underestimated. The Board is supportive of the Group's sustainability agenda and believes that the Group's global reach and scale provide a unique opportunity to influence positive change, which will protect the interests of shareholders and benefit all stakeholders over the longer-term.</p> <p><i>More information on Compass' sustainability initiatives can be found on pages 36 to 50.</i></p>
<b>Return of cash to shareholders</b> <i>Shareholders</i>	<p>In May 2022, in recognition of the continued positive momentum that has allowed the Group to rebuild its revenues and margins, supported by the strong cash generation of the business, a strong balance sheet and excellent growth prospects, the Board approved a share buyback programme of up to £500 million consistent with the Company's capital allocation framework. More details of the share buyback programme can be found on pages 115 and 183.</p> <p><i>The Board will continue to monitor the Group's performance and the potential for rewarding shareholders with further returns. Details of the Group's performance can be found on pages 2 to 51.</i></p>
<b>Principal risks</b> <i>All stakeholders</i>	<p>During the year, the Board took the decision to include geopolitical risk, including the conflict between Russia and Ukraine, as a new principal risk on the basis that the conflict represents a heightened national security threat to countries particularly in Europe and NATO, and its disruption to the global energy market has contributed to the elevation of the existing cost inflation, economic and cyber security risks. As stated earlier in the Strategic Report, Compass has exited the Russian market and moved away from all known Russian suppliers.</p> <p><i>The Board will continue to monitor the threat of these risks to the Group's businesses and to assess the effectiveness of mitigating actions. Details of the other principal risks and mitigating actions can be found on pages 22 to 28.</i></p>

**ANNE-FRANCOISE NESMES**

Chair of the Audit Committee

### Members

At the date of this Report the following are members of the Audit Committee (the Committee):

- Anne-Francoise Nesmes (Chair)
- Arlene Isaacs-Lowe
- Carol Arrowsmith
- Sundar Raman
- Stefan Bomhard
- Nelson Silva
- John Bryant
- Irene Vittal

*All members of the Committee are independent non-executive directors, whose biographies can be found on pages 55 to 57.*

### Meetings

The Committee held three scheduled meetings during the year and the meeting attendance table can be found on page 65.

### Main responsibilities

In accordance with its terms of reference the Committee's main responsibilities include:

- monitoring the integrity of the Company's and the Group's published financial statements and related disclosures
- monitoring any formal announcements relating to the Group's financial reporting issues, and key accounting and audit judgements related to the preparation of the Company's and the Group's financial statements
- reviewing arrangements for the Group's workforce/stakeholders to raise concerns in confidence about possible improprieties in financial reporting or other matters (via Speak Up, We're Listening), and ensuring that they are investigated
- reviewing the adequacy and effectiveness of the risk management and internal control systems, including the going concern and viability statements, and providing assurance to the Board
- monitoring and reviewing the role, mandate and effectiveness of the Group's Internal Audit function
- managing the selection, appointment, independence, effectiveness and remuneration of the Group's external auditor, including compliance with the non-audit services policy
- advising the Board on how it has discharged its responsibilities and considering whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and providing assurance to the Board

# AUDIT COMMITTEE REPORT

### Governance

Anne-Francoise Nesmes has chaired the Audit Committee since February 2021. She is the serving Chief Financial Officer of Smith+Nephew PLC, is a chartered management accountant and is considered by the Board to have recent and relevant financial experience and to be competent in auditing and accounting. The Chair of the Committee reports to the Board on Committee activities and engages regularly with key individuals involved with the Company's governance. The Chair also has regular contact with the external Senior Statutory Audit Partner and attends the AGM to respond to any shareholder questions on the Committee's activities.

Members of the Committee are appointed by the Board and Committee membership comprises all of the independent non-executive directors. The Committee meets at least three times a year. The quorum necessary for a meeting is two members. Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Chair of the Board, the Group CEO, Group CFO, Group Financial Controller, Director of FP&A, Group Director of Risk and Internal Audit, Group Chief Information Officer and external advisers, may be invited to attend all or part of any meetings, as and when appropriate. The Group General Counsel and Company Secretary, who acts as Secretary to the Committee, attends all meetings. The external auditor also attends all meetings of the Committee. Other members of senior management are invited to present such reports as are required for the Committee to discharge its duties. At the end of every meeting, Committee members hold private discussions with the external auditor, without executive management and other invitees being present. Committee members also have discussions with the Group Director of Risk and Internal Audit without executive management and other invitees being present. The Committee is authorised to seek external legal and independent professional advice as it sees fit.

Each member of the Committee has appropriate financial and commercial experience in multinational and/or complex organisations, combined with a sound understanding of the Company's business, and is therefore considered by the Board to be competent in the Company's sector. The expertise and experience of the directors are summarised on pages 55 to 57. The Board considers each member of the Committee to be independent within the definition set out in the UK Corporate Governance Code 2018 (the Code) and capable of assessing the work of management, the assurances provided by the Internal Audit function and the external auditor, and the effectiveness of the risk management and internal control systems.

The Committee has an annual agenda which is aligned to the key events in the Company's financial calendar. The agenda is flexible enough to allow 'deep-dives' into topics of particular importance to the Committee or to allow it to respond to emerging issues.

The terms of reference of the Audit Committee were last reviewed in September 2022. Several changes were made to the Committee's terms of reference to simplify the language, remove repetition and more closely align elements of the terms of reference with the model terms published by the Chartered Governance Institute UK & Ireland, which were approved by the Board. A copy of the updated terms of reference can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

## Committee activities during the year

The key priorities of the Committee are described below.

### Financial Reporting and Accounting matters

Monitoring the integrity of the Company's and Group's financial statements and associated announcements is a key responsibility of the Committee. During the year, the Committee reviewed the interim and annual financial statements and considered the following:

- whether the description of the performance of the Group in the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy
- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements and guidelines, including Alternative Performance Measures
- the accounting policies adopted in the Group's financial statements, any proposed changes to them and the adequacy of their disclosure

- the significant transactions, accounting matters, and key judgements and estimates used in preparing the 2022 Annual Report and Accounts and the interim financial statements and in particular management's assumptions underpinning the going concern and viability statements
- the Company's disclosure in the Strategic Report on the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements and related disclosures in the financial statements
- non-financial KPIs
- consideration of the potential implications of the BEIS White Paper: Restoring Trust in Audit and Corporate Governance

The Committee is responsible for considering the significant areas of complexity, management judgement and estimation in relation to the financial statements. Set out in the table below are the significant areas of accounting judgement or management estimation and a description of how the Committee concluded that such judgements and estimations were appropriate.

### Areas of significant accounting judgement and estimation

### How each was addressed by the Committee

Areas of significant accounting judgement and estimation	How each was addressed by the Committee
<b>Carrying value of goodwill</b> The Group undertakes a formal goodwill impairment exercise for its cash-generating units at least once a year in accordance with IAS 36 'Impairment of Assets', based on the most recent approved budget and financial plan.	The recoverability of the carrying value of goodwill involves the use of assumptions, including operating cash flow forecasts (revenue and operating margins), growth rates and discount rates. The Committee reviewed the key assumptions used to assess the recoverability of goodwill, and concluded that these were appropriate. The Committee noted that the headroom in the UK cash-generating unit is sensitive to reasonably possible changes in key assumptions. The Committee reviewed the goodwill impairment assessment disclosures and concluded that these were appropriate.
<b>Tax</b> The Group operates in multiple tax jurisdictions and is subject to the rules of their various taxation authorities. Due to the complexity and changing nature of tax rules and transfer pricing across multiple tax jurisdictions, a degree of judgement is required in determining levels of tax recognised in the financial statements.	The Committee oversaw the development and reporting of the Company's and the Group's tax strategy. It assessed the impact of changes in the approach of governments to tax and discussed with management the key judgements made. The Committee also reviewed the disclosures relating to the contingent tax liabilities. The external auditor reported on all provisions to the Committee. On the basis of the above, the Committee was satisfied that the level of tax provisioning for the Group remained appropriate.
<b>Post-employment benefits</b> The Group's defined benefit pension schemes are assessed annually in accordance with IAS 19 'Employee Benefits'. The present value of the defined benefit liabilities is based on assumptions determined following independent actuarial advice.	The Committee considered management's valuation of the liabilities of the Group's post-employment benefit schemes, which is based on advice taken from independent actuaries. The Committee noted that the value of the liabilities is sensitive to actuarial assumptions, including discount rates, inflation, pension and salary increases and mortality and other demographic assumptions. The Committee considered the external auditor's assessment of the reasonableness of the assumptions, together with a comparison of the assumptions to those made by other companies, and was satisfied that the assumptions made with respect to post-employment benefits were appropriate.
<b>Going concern and viability</b> The going concern and viability statements were reviewed in detail.	Notwithstanding the recovery in the Group's performance this year, the assumptions and evidence supporting the going concern and viability statements were reviewed and challenged by the Committee. Financial models of scenarios prepared by management over the assessment periods were considered by the Committee, as well as the liquidity position of the Group, the principal risks, the level of headroom against committed facilities and compliance with financial covenants attached to issued debt. Having considered in detail the analysis undertaken and the assessment of the external auditor, the Committee was satisfied that the going concern and viability statements were appropriate.

## AUDIT COMMITTEE REPORT CONTINUED

### Fair, balanced and understandable Annual Report and Accounts

The Code provides that the Board should provide a fair, balanced and understandable assessment of the Company's position and prospects in its Annual Report and Accounts. At the Board's request, the Committee has reviewed the 2022 Annual Report and Accounts to determine whether it considered that the document, taken as a whole, meets this standard and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has concluded that this requirement has been met.

Throughout the Annual Report and Accounts, performance is presented against a mix of financial and non-financial KPIs, which the Board and executive management consider best reflect the Company's strategic priorities. The Committee has considered these KPIs and is satisfied that the information that has been selected by the Board and executive management will help to convey an understanding of the performance and the culture of the business, and the drivers which contribute to its success; and will be of interest to stakeholders.

### Risk management and internal controls

The Committee is responsible for reviewing the Company's internal financial controls and internal control and risk management systems. During the year, the Committee:

- received and discussed regular reports summarising: the Group's risk management activities, including the impact of macroeconomic and geopolitical factors, the identification of new principal risks and emerging risks and actions to mitigate risks; and the findings from internal audits and the status of resultant actions agreed with management
- reviewed and approved the internal audit plan for 2023 and monitored delivery of the 2022 plan
- reviewed the resources, terms of reference and effectiveness of the Internal Audit and Risk Management function
- received presentations from the Group Head of Ethics and Integrity (E&I) on E&I programme activities, business integrity risks, and Speak Up, We're Listening cases and investigations in relation to theft and fraud
- received regular reports from the Head of Group Tax on tax policies, uncertain tax positions, and tax audits and enquiries
- received updates on the activities of the regional governance committees
- received updates in relation to cyber security arrangements and assurance over new systems roll outs

The Audit Committee reviews the integrity of any material financial statements made by the Company. It monitors and conducts a robust review of the effectiveness of the Group's internal control systems, accounting policies and practices and certain compliance controls (including key financial controls) as well as the Company's statements on internal control, before they are agreed by the Board for inclusion in the Annual Report and Accounts.

During the financial year ended 30 September 2022, there have been no changes that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

In accordance with the guidance set out in the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014, and in the Code itself, the Group has established a risk management framework. This has been in place for the full financial year and up to the date on which the financial statements were approved. The framework is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, to safeguard the Group's assets against material loss, to fairly report the Group's performance and position, and to ensure compliance with relevant legislation and regulation including that related to social, environmental and ethical matters. The framework provides reasonable, but not absolute, assurance against material misstatement or loss. Further details of the Group's risk management framework and principal risks are set out on pages 22 to 28.

The Audit Committee is responsible for reviewing the risk management framework. As part of this process, Group companies submit biannual certificates of assurance to the Group CFO on internal control and risk management matters. The Group CFO summarises these submissions for the Audit Committee, and the Chair of the Audit Committee reports to the Board on any matters that have arisen from the Committee's review of the way in which risk management and internal control processes have been applied. The Committee annually reviews the effectiveness of Compass' approach to risk management and any changes to the risk policy. The Committee and the Board remain satisfied that the Company's risk management framework continues to provide the necessary flexibility without compromising the integrity of risk management and internal control systems.

### Whistleblowing, anti-bribery and fraud

The Audit Committee receives updates on any allegations of theft or fraud in the businesses at every meeting, with individual updates being given to the Committee, as needed, in more serious cases. The Group's theft and anti-fraud policies are a subset of the Code of Business Conduct (CBC), which strictly prohibits any activity involving fraud, dishonesty or deception. These policies set out how allegations of fraud or bribery are dealt with such as through investigations conducted by Internal Audit, E&I or local Finance or Legal teams, and the frequency of local reporting that feeds in to the regular updates, which are presented to the Committee.

The Corporate Responsibility Committee oversees the Group's overall CBC programme, the training of employees on key business integrity risk areas and the way in which management obtains assurance in this area, including the annual self-certification process via the annual E&I declaration and pledge. More information on the CBC, and the Speak Up, We're listening programme is set out on page 11.



*The CBC and Code of Ethics are available on the Company's website, [www.compass-group.com/en/who-we-are/ethics-and-integrity](http://www.compass-group.com/en/who-we-are/ethics-and-integrity)*

### Information systems and technology security risk

Information systems and technology risk continues to present an increasing threat to the Group and remains a principal risk. At each meeting during the year, the Committee received a report from the Group Chief Information Officer on progress made on the implementation of the IT controls framework including enhanced security operations, threat intelligence, the Group's response to the increased threat of ransomware, and the continued drive on cyber risk awareness and training across the Group. The Committee reviewed the roadmap of future planned activities to further develop cyber security across the Group's technology estate.

In May 2022, as part of the Group Chief Information Officer's regular update, the Committee considered the increased cyber threat arising as a consequence of the conflict in Ukraine and reviewed the monitoring activity in place to identify threat groups and actors.

### Internal audit

The Internal Audit team is led by the Group Director of Risk and Internal Audit, who reports functionally to the Chair of the Audit Committee and operationally to the Group CFO. The purpose, scope and authority of the Internal Audit function is set out in its terms of reference which are approved by the Committee. The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function, including resources, plans and performance as well as the degree to which the function is free from management or other restrictions. To help the Committee gain assurance that the Internal Audit function is independent, the Committee meets with the Group Director of Risk and Internal Audit at least once a year without the presence of management. The Committee met with the Group Director of Risk and Internal Audit on two occasions during the year under review without the presence of management.

During the course of the year, the Committee monitored the performance of Internal Audit. The Committee reviewed and approved the Group's annual internal audit plan (the Plan). The Plan is designed with reference to the Group's principal risks. Further information on the Principal Risks is available on pages 22 to 28. The Committee receives regular updates on progress against the Plan and Internal Audit's findings, together with the management actions taken to address recommendations. The Committee remains satisfied that the Internal Audit function has the necessary resources, objectivity, and competency to fulfil its mandate. It has also satisfied itself that the Internal Audit function has adequate standing and is free from management influence or other restrictions.

### External audit

#### External auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Committee has oversight responsibility for monitoring the external auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements. The Audit Committee is responsible for the re-tendering selection process and recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with its withdrawal from the market in its risk evaluation and planning.

The Audit Committee also reviews and sets the terms, areas of responsibility and scope of the audit as set out in the external auditor's engagement letter, including:

- the overall work plan for the forthcoming year, together with the associated fee proposal and cost effectiveness of the audit
- the external auditor's independence
- any major issues which arise during the course of the audit and their resolution
- key accounting and audit judgements
- the level of errors identified during the audit
- the recommendations made to management by the auditor and management's response
- the auditor's overall performance

### Effectiveness of the external audit process

During the year, the Committee considered the effectiveness of the external audit process, whether the agreed audit plan for the financial year ended 30 September 2021 had been fulfilled, and the reasons for any variation from the plan.

The Committee assessed the ongoing effectiveness of the external audit process through a number of methods, commencing with the identification of appropriate risks by the external auditor. These were reviewed by the Committee in the detailed external audit plan for the financial year ended 30 September 2022 at the start of the audit cycle. The work performed on these risks by the auditor was used to test management's assumptions and estimates. The effectiveness of the audit process in addressing these matters was assessed through the reports presented to the Committee at the half and full-year. Additionally, the Committee considered the findings of the FRC's Audit Quality Review Team in its assessment.

The Committee also considered how the auditor had exercised professional scepticism. During the audit of the Annual Report and Accounts, the auditor challenged management as to whether the disclosures in the financial statements were consistent with the narrative disclosures in the Strategic Report in relation to the impact of certain risks and, specifically, how the potential impact of climate change on the financial statements had been assessed. The auditor also challenged management's approach to goodwill impairment testing and the appropriateness of actuarial assumptions used to estimate post-retirement benefit obligations, as well as other sources of estimation uncertainty, such as uncertain tax positions. Management and the auditors engaged constructively in relation to the challenges raised and an unmodified opinion was issued by the auditor which is set out on pages 119 to 127.

The review also included a formal evaluation process covering a number of aspects of the external audit. A wide range of internal stakeholders including Audit Committee members, regional finance directors and Group functions (including Internal Audit, Legal, Finance and Tax) and local finance directors (excluding countries not in scope for KPMG LLP audit) completed questionnaires.

A detailed report on the effectiveness of KPMG's audit process was presented to the Committee meeting in May 2022. Conclusions were discussed and opportunities for improvement brought to the attention of KPMG. In summary, the Committee concluded, taking into account the views of other key internal stakeholders, that the external audit process was effective.

#### Independence of external auditor

Zulfikar Walji was the Senior Statutory Audit Partner for the year under review. To ensure the independence and objectivity of the Company's external auditor and the integrity of the audit process, key members of the external audit team rotate off the Company's audit. Additionally, the recruitment of senior employees from the Company's auditor is not permitted for a period of at least two years after they cease to be involved in the provision of services to the Company.

## AUDIT COMMITTEE REPORT CONTINUED

In assessing the independence and objectivity of the external auditor, the Committee takes into account the assurances and information provided by the external auditor at the planning stage of the audit, including a written disclosure of the relationships (including the provision of non-audit services) that could have an impact on the external auditor's independence and objectivity and the safeguards put in place to address such threats. As part of this process, the Committee receives a statement from the external auditor advising that all partners and staff annually confirm their compliance with KPMG's ethics and independence policies and procedures including, in particular, that they have no prohibited shareholdings and their ethics and independence policies are fully consistent with the requirements of the FRC Ethical Standard. The Committee has concluded that KPMG was independent of the Group for the year under review.

The Company operates a policy on non-audit fees which it reviews annually and under which it discloses the ratio of audit to non-audit fees paid in each financial year. The Committee monitors the extent of non-audit work which the external auditor can perform, to ensure that the provision of those non-audit services falls within the agreed policy and does not impair the external auditor's objectivity or independence. The Group's policy on non-audit services is aligned to the FRC's 2019 Ethical Standard for auditing practices for what is permissible for public interest entities and no services outside this are approved by the Committee. Engagements for non-audit services that are not prohibited are subject to formal approval by the Audit Committee based on the level of fees involved. Non-audit services that are pre-approved are either routine in nature (e.g., the half-year limited review) with a fee which is not significant in the context of the audit or are other audit-related services. Within the constraints of applicable UK rules, the external auditor could undertake certain non-audit work. The provision of non-audit services within such constraints and the agreed policy is assessed on a case-by-case basis to ensure that the adviser best placed to undertake the work is retained. In accordance with the Group's policies, the Group CFO approves individual non-audit services with fees up to £50,000 and non-audit services with combined fees up to £100,000. Audit Committee approval is sought for non-audit services over and above these limits.

The total fees paid to KPMG in the year ended 30 September 2022 were £7.1 million, of which £0.3 million related to non-audit work (2021: £6.6 million of which £0.3 million related to non-audit work). Having considered the non-audit work undertaken by KPMG LLP during the year, it was agreed by the Committee that the tasks undertaken represent permitted non-audit services (as set out in Section 5 of the Financial Reporting Council's Revised Ethical Standard 2019). The principal non-audit services provided by KPMG related to the half-year review of the Group's interim financial report, audit-related assurance work in respect of government support schemes and comfort letters for the annual extension of the Euro Medium Term Note programme as well as the issuance of new bonds under the Sustainable Financing Framework. The Committee believes that KPMG, as external auditor, was best placed to undertake these non-audit services and that the level of fees for these services did not impact their integrity, objectivity or independence. Further disclosure of the non-audit fees paid during the year can be found in note 2 on page 147.

#### Reappointment of external auditor

There are no contractual restrictions on the Company's choice of external auditor and, in making its recommendation to reappoint KPMG, the Committee considered, amongst other matters, the tenure, objectivity and independence of KPMG and the continuing effectiveness and cost of the audit process, as well as the availability of firms within the wider audit market.

KPMG has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing KPMG's reappointment and the determination of its remuneration by the Audit Committee will be proposed at the 2023 AGM.

#### Audit tender

The Company confirms that, during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 which requires the Company to put its statutory audit services engagement out to tender not less frequently than every 10 years.

KPMG LLP was appointed as the Company's external auditor as successor to Deloitte LLP in March 2014. KPMG's audit for the year ended 30 September 2022 is its ninth year. During the year, the Audit Committee, with the support of executive management, considered the future external audit requirements of the Company and the Group, and approved the commencement of a formal audit tender process. Further details of the audit tender process and the outcome will be announced at the appropriate time, and a recommendation will be made to shareholders at the 2024 AGM.

#### Committee evaluation

The priorities set by the Committee as a result of last year's evaluation process were:

- continuing to allocate time to reviewing controls based on risk
- continuing to focus more time on high-impact risks (e.g., cyber security and ESG matters)
- maintaining time management and ensuring sufficient time for discussion of key topics
- considering 'deep-dive' topics for the year ahead
- considering training topics for 2022, including TCFD reporting and audit and corporate governance reforms

These themes, together with the Committee's regular programme of work, shaped the Committee's agenda and were included in the principal activities during the year under review.

During the year, an external evaluation of the effectiveness of the Committee was conducted as part of the wider external evaluation of the Board and its committees. Details can be found on pages 84 and 85.

The evaluation concluded that the Committee continued to operate effectively and identified a number of priorities for the coming year:

- continuing to focus on meeting management including time management, and ensuring sufficient time is spent on Committee priorities
- continuing training, particularly with regard to TCFD and sustainability reporting, together with other corporate reporting changes
- further developing year-end reporting to support the Committee's review of the integrity of financial controls
- continuing positive engagement with the external auditor

These matters, together with the regular work of the Committee, will inform the Committee's agenda for the coming year.



**ANNE-FRANCOISE NESMES**

Chair of the Audit Committee

21 November 2022

**NELSON SILVA**

Chair of the Corporate Responsibility Committee

### Members

At the date of this Report the following are members of the Corporate Responsibility (CR) Committee (the Committee):

– Nelson Silva (Chair)	– Arlene Isaacs-Lowe
– Carol Arrowsmith	– Ian Meakins
– Dominic Blakemore	– Anne-Francoise Nesmes
– Stefan Bomhard	– Sundar Raman
– Palmer Brown	– Ireneeta Vittal
– John Bryant	

*Biographies of Committee members can be found on pages 54 to 57.*

### Meetings

The Committee held three scheduled meetings during the year and the meeting attendance table can be found on page 65.

### Main responsibilities

In accordance with its terms of reference the Committee's main responsibilities include:

- reviewing and monitoring the effectiveness of the Group's Health, Safety, Sustainability (including climate change) and People strategies
- monitoring the Group's CR policies and practices for alignment with the Company's culture, purpose and values
- reviewing and recommending for approval the Company's annual Modern Slavery Act statement
- overseeing the Group's Ethics and Integrity (E&I) programme
- receiving updates on non-financial related reports from the whistleblowing helpline Speak Up, We're Listening
- overseeing appropriate and effective engagement with the Company's stakeholders including employees
- approving the content of the Purpose Report, TCFD disclosure and the CR Committee Report for the Annual Report and Accounts

# CORPORATE RESPONSIBILITY COMMITTEE REPORT

### Governance

Nelson Silva has chaired the Corporate Responsibility (CR) Committee since February 2017. The Chair of the Committee reports to the Board on the Committee's activities and attends the AGM to meet with shareholders and answer any questions on the Committee's activities.

Members of the Committee are appointed by the Board and Committee membership comprises the non-executive directors, the Chair of the Board, the Group CEO and Group CFO. The Committee meets at least three times a year. The quorum necessary for a meeting is two, at least one of which must be an independent non-executive director.

Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Group Chief Commercial Officer, Group Chief People Officer, Group Head of E&I and external advisers, may be invited to attend all or part of any meetings, as and when appropriate. The Group General Counsel and Company Secretary, who acts as Secretary to the Committee, attends all of its meetings.

The Committee is authorised to seek external legal or independent professional advice as it sees fit. The terms of reference of the CR Committee are reviewed annually to ensure they continue to be fit for purpose. They were last reviewed in September 2022. Several changes were made including amendments to expand the description of stakeholders. A copy of the terms of reference can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

The Board has delegated responsibility to the Committee to oversee and to make recommendations to the Board on the development, implementation and effectiveness of the Group's People, Corporate Responsibility, Health, Safety and Sustainability (including climate change), Ethics and Integrity, and Stakeholder Engagement strategies.

To help it to perform its role effectively, the Committee receives reports from the Group Chief Commercial Officer, Group General Counsel and Company Secretary, Group Chief People Officer, Group Head of E&I, and other senior managers. These reports ensure that progress is being made towards meeting the Group's specific CR KPIs and commitments.

The Committee also receives reports from the Group General Counsel and Company Secretary to ensure the Board is appropriately prepared for legislative, regulatory and best practice changes.

## CORPORATE RESPONSIBILITY COMMITTEE CONTINUED

**Committee activities during the year****Health and safety**

The health and safety (H&S) of the Group's employees and consumers is a top priority for Compass. At each meeting, the Committee considers a safety moment relating to certain aspects of health or safety, or a particular incident. Each briefing aims to help the Committee develop a deeper understanding of the H&S risks and challenges facing the business and how the lessons learned from specific incidents are applied to help prevent a recurrence.

The Committee received regular H&S reports from the Group Chief Commercial Officer to enable it to monitor H&S performance, in particular, performance against two KPIs which are considered essential to the H&S of our colleagues and consumers – the Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR).

The Committee sets limits for these KPIs at the beginning of the year. Performance outcomes are linked to the management bonus scheme. The Committee, together with the Remuneration Committee, considers these measures to be appropriate as they align with the Company's priority of keeping employees and consumers across the Group safe. More detail on the Group's LTIFR and FSIR performance is set out on page 9.

During the year, the Committee considered the output of 'deep-dives' it had requested into food safety and occupational safety. The Committee endorsed the support that was being provided to the regions through best practice sharing and leveraging digital capabilities within safety systems to further embed a strong safety culture across the Group.

**Ethics and integrity**

The Committee oversees the Group's E&I strategy, programme, policies and activities, and receives regular presentations and reports from the Group Head of E&I. In November 2021, the Committee received an update on the refreshed E&I strategy and framework and the plans for optimising compliance technologies, strengthening policies, communicating these to colleagues and providing training. The Committee noted the ongoing development of the programmes and was supportive of plans for wider ranging training topics delivered to a larger population with increased regularity and on a 'risk-to-role' basis. Throughout the year, the Committee monitored the progress of programme and policy developments, training activities and completion rates, as well as global initiatives such as the launch of a new Global Supplier Code of Conduct across the Group's businesses, which sets out the ethical standards, principles, expectations and behaviours we expect from our supply chain partners.

Following the re-launch of the Group's Speak Up, We're Listening programme (the independent confidential reporting mechanism for raising concerns) and new Speak and Listen Up Policy, the Committee received regular reports in relation to the continued programme and policy implementation. The Committee also received regular reports on the number and nature of concerns raised through the programme, and any emerging themes and effectiveness indicators.



*Learn more about our Ethics and Integrity and Speak Up, We're Listening programmes on the Company's website, [www.compass-group.com/en/who-we-are/ethics-and-integrity](http://www.compass-group.com/en/who-we-are/ethics-and-integrity)*

**Sustainability**

During the year, Compass published its Planet Promise: its response to climate change and a commitment to a sustainable future for all. Compass was the first international company in the contract catering industry to announce a commitment to reaching climate net zero GHG emissions across its global operations and value chains by 2050, underpinned by interim 2030 targets validated by the Science Based Targets initiative. The Group also announced a further commitment to be carbon neutral worldwide across its own operations (scopes 1 and 2) by 2030.

The Committee continued its focus on environmental matters. In particular, the Committee received briefings from internal subject matter experts including an update on the key outcomes from the COP26 climate change conference held in Glasgow. The Committee considered the key outcomes from COP26 in the context of Compass' own road map to climate net zero and its Task Force on Climate-related Financial Disclosures (TCFD) reporting obligations. The Committee also monitored the emerging TCFD reporting environment and received reports from management on progress being made by the Group to implement these requirements. The Committee reviewed the Company's TCFD disclosures, which are set out on pages 43 to 50.

The Company recognises that food waste is a key contributor towards climate change and therefore has committed to halving food waste across the Group by 2030. To assist in building a robust basis for measurement, the Group is deploying technology to understand its food waste footprint. This will help the Company measure, monitor and reduce food waste, and to develop an accurate and consistent measurement of progress. At its meeting held in September 2022, the Committee reviewed and approved the target for the year to 30 September 2023 increasing the number of sites deploying technology to accurately measure and report food waste.

*More details on the Group's sustainability initiatives, can be found on pages 36 to 50.*

**People**

Overseeing the development, implementation and effectiveness of the Group's People policies, strategies, processes and initiatives is an important aspect of the Committee's work, and to assist the Committee, it received regular reports and presentations from the Group Chief People Officer.

The Committee reviewed the results of the 2021 global employee engagement survey, Your Voice. The views and data from the survey helped the Committee's oversight of the implementation of the Group's People strategy and provided assurance to the Committee that the strategy remains effective. The survey results also highlighted areas where improvements were required to enhance the experience of employees, which were being addressed by management.

The Committee also reviewed summaries of the roundtables which Irene Vittal, the Company's Designated Non-executive director for workforce engagement, held with employees from across the Group's businesses, noting that the format continued to be popular and the forums were well received by those employees who took part.

*More details of the Group's People initiatives, including the employee engagement roundtables with Irene Vittal, can be found on pages 30 to 35 and 69.*

## Human rights, modern slavery and supply chain visibility and integrity

The Committee reviewed the Group's Human Rights Policy to ensure that it remained aligned to the Group's People Purpose and Performance strategy. The Committee considered the proposed changes to the policy which were intended to reinforce the Company's ongoing commitment to respecting human rights in its businesses' operations and their supply chains and to provide a link between this commitment and our culture and strategy. The Committee recommended the revised Human Rights policy to the Board for approval, and the Board approved the policy.

The Committee also considered the significant work undertaken by management to further develop and enhance the Company's approach to reducing the risk of modern slavery in its businesses and their supply chains. An update was provided by management on a number of initiatives implemented during the year which included, among others, the launch of the Global Supplier Code of Conduct, expanding representation on the Company's Human Rights Working Group and further rolling out the Supplier Ethical Data Exchange (Sedex).

The Committee reviewed the Company's Modern Slavery Act (MSA), statement and concluded that the MSA statement reflected the progress made in the year and met the requirements of section 54 of the Modern Slavery Act 2015. The Committee recommended the MSA statement to the Board for approval and the Board approved the statement.

*Copies of Compass' 2022 Modern Slavery Act statement and the Company's Human Rights Policy are available on the Company's website, [www.compass-group.com](http://www.compass-group.com)*

## Stakeholder engagement

The Committee considered the Group's engagement activities with its clients, consumers, suppliers, communities and NGOs, noting key areas of focus and that sustainability was a common theme among stakeholder groups. In addition to the areas of focus, the Committee reviewed the purpose and methods of engagement with stakeholders.

Information on the approach to stakeholder engagement including how the Board is appraised of the views of the Company's stakeholders, and how the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making, is set out on pages 68 to 73.

*Engagement with the Group's employees is described on page 69 and in more detail in the People Report on page 34.*

## Committee evaluation

The priorities set by the Committee as a result of last year's evaluation process were:

- reviewing the Committee's forward agenda and ensuring it remains relevant and focused on significant issues
- focusing on ESG matters and reviewing the ESG strategy and performance over the year
- maintaining training in areas such as TCFD reporting

These themes, together with the Committee's regular programme of work, shaped the Committee's agenda during the year.

This year's external evaluation of the Committee's effectiveness was conducted as part of the wider review of the Board and its committees. Details can be found on pages 84 and 85.

The evaluation concluded that the Committee continued to operate effectively. A number of priorities for the coming year were identified:

- continuing to focus on timing and structure of meetings to ensure appropriate focus on the wide range of key issues in the Committee's remit
- continuing training and education for Committee members
- monitoring the roadmap and performance against targets designed to help the Company achieve its climate net zero commitments

These matters, together with the regular work of the Committee will inform the Committee's agenda for the coming year.



**NELSON SILVA**

Chair of the Corporate Responsibility Committee

21 November 2022

**IAN MEAKINS**

Chair of the Nomination Committee

### Members

At the date of this Report the following are members of the Nomination Committee (the Committee):

– Ian Meakins (Chair)	– Anne-Francoise Nesmes
– Carol Arrowsmith	– Sundar Raman
– Stefan Bomhard	– Nelson Silva
– John Bryant	– Irene Vittal
– Arlene Isaacs-Lowe	

*All the members of the Committee (except for the Committee Chair), are independent non-executive directors. Biographies of the Committee members can be found on pages 54 to 57.*

### Meetings

The Committee held five scheduled meetings during the year and the meeting attendance table can be found on page 65.

### Main responsibilities

In accordance with its terms of reference the Committee's main responsibilities include:

- leading the process for Board appointments, ensuring plans are in place for orderly succession to the Board and senior management positions, and overseeing the development of a diverse pipeline for succession
- reviewing the structure, size and composition of the Board and its committees, recommending to the Board any new appointees and the reappointment of existing directors and committee members
- ensuring there is a balance of skills, knowledge, experience and diversity on the Board
- reviewing senior leadership needs to enable the Group to compete effectively in the marketplace
- advising on succession planning for executive directors
- overseeing a formal and rigorous annual evaluation of the Board, its committees and directors
- overseeing the Company's policy, objectives and strategy on diversity, equity and inclusion (DE&I)

# NOMINATION COMMITTEE REPORT

### Governance

Ian Meakins has chaired the Committee since December 2020. The Chair of the Committee reports to the Board on Committee activities and attends the AGM to meet with shareholders and answer any questions on the Committee's activities.

Members of the Committee are appointed by the Board and Committee membership comprises the non-executive directors and the Chair of the Board. The Committee meets at least twice a year. A quorum for a meeting is three, of which, the majority must be independent non-executive directors.

The Chair of the Board acts as Chair of the Committee, except when the Committee is dealing with the matter of the succession of the Chair of the Board, when the meetings will usually be chaired by the Senior Independent Director (SID).

Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Group CEO, the Group Chief People Officer and external advisers may be invited to attend all or part of any meeting, as and when appropriate. The Group General Counsel and Company Secretary, who acts as secretary to the Committee, attends all meetings of the Committee.

The Committee is authorised to seek external legal or independent professional advice as it sees fit.

The terms of reference of the Nomination Committee are reviewed annually to ensure that they continue to be fit for purpose. They were last reviewed in September 2022 when they were updated to reflect the new diversity disclosure requirements of the FCA's Listing Rules which will apply to Compass from the financial year ending 30 September 2023. A copy of the Committee's terms of reference can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

### Committee activities during the year

#### Board succession planning

Succession planning is an important aspect of the Committee's work. The Nomination Committee ensures plans are in place for an orderly succession at Board and senior management levels. The Committee also oversees the development of a diverse pipeline of talent.

When assessing succession planning for the Board, the Committee considers and evaluates the skills, knowledge and experience of its directors to ensure that the Board and its committees are well placed to discharge their duties, taking into account the need for diversity to reflect a broad range of backgrounds, experience and views.

The tenure of independent non-executive directors is also reviewed regularly to facilitate future refreshing of the Board and to maintain an appropriate balance. From these reviews, the Committee determines the skills, experience, and attributes for new appointees to ensure the Board and its committees continue to operate effectively.

During the year, the Committee reviewed Board succession plans over the medium to longer-term. In the course of this assessment, it considered, for illustrative purposes, a model of potential requirements for succession planning. The model considered the structure, size and composition of the Board taking into account the Company's commitments to comply with the UK Corporate Governance Code 2018 (the Code), targets set by the FTSE Women Leaders Review (the successor to the Hampton-Alexander review) and the Parker Review.

### Board appointment process

The procedures for appointing new directors are set out in the Committee's terms of reference. The appointment process is led by the Chair of the Board, except where the appointment is for their successor, when it is usually led by the SID.

When appointing a new Chair of the Board, the process includes an assessment of the time commitment expected, recognising the need for the Chair of the Board to be available in the event of a crisis.

Before an appointment is made, the Nomination Committee prepares a candidate specification setting out the role and capabilities required. The Board promotes an environment which is supportive of all individuals from diverse backgrounds, and in identifying suitable candidates, the Nomination Committee:

- uses open advertising or the services of external advisers to facilitate the search
- considers candidates from different genders and a wide range of backgrounds
- considers candidates on merit and against objective criteria taking into account the benefits of diversity on the Board
- ensures that appointees have enough time to devote to the position, in light of any other significant commitments

Depending on the strategic and succession plans of the Company, to ensure the best possible chance of attracting a diverse pool of candidates, where appropriate, the Company will expand its search to consider individuals who may not have direct PLC experience, but who have experience of leading complex, global-scale organisations. The Committee believes that this broad approach supports the development of a diverse pipeline of candidates.

The Nomination Committee considers the selection and reappointment of directors carefully before making a recommendation to the Board. Non-executive directors and the Chair of the Board are generally appointed for an initial period of three years, which may be renewed for a further two three-year terms. Reappointment is not automatic at the end of a term.

### Board changes

There were several changes in the Board's membership over the year:

- 4 October 2021: Palmer Brown appointed Group CFO Designate and as a director
- 31 October 2021: Karen Witts stepped down as a director and Group CFO
- 1 November 2021: Palmer Brown succeeded Karen Witts as Group CFO
- 1 November 2021: Arlene Isaacs-Lowe appointed as a non-executive director
- 1 January 2022: Sundar Raman appointed as a non-executive director
- 3 February 2022: John Bason retired as a non-executive director at the conclusion of the 2022 AGM

The search processes for the appointment of Arlene Isaacs-Lowe and Sundar Raman are described in full on page 113 of last year's Annual Report which can be found on our website, [www.compass-group.com](http://www.compass-group.com).

### Induction process

On joining the Company, all new directors receive a formal, comprehensive and tailored induction designed to suit the individual's needs and role. The induction programme includes meetings with senior management and external advisers; together with technical briefings and site visits, all of which are effective in introducing the new director to the Group's businesses and culture. The induction process is structured to ensure that the new director has the information and support needed to understand the business, and to be effective in the role.

During the year, Palmer Brown, Arlene Isaacs-Lowe and Sundar Raman, completed personalised inductions. As a result, the new directors have successfully integrated into their roles and are contributing effectively to Board and committee discussions. All three directors stood for election at the 2022 AGM and received strong support from shareholders, attracting almost 100% of the votes cast in favour of the resolutions for their elections.

### Non-executive director tenure

Stefan Bomhard was appointed to the Board in May 2016 and completed his second three-year term in office during the year. In deciding whether Stefan's term should be renewed for a further three-year term, the Committee considered: the balance of perspectives, skills, experience and expertise needed on the Board to help the Company achieve its strategic goals; the performance, skills and experience of Stefan, and his ability to devote sufficient time to his responsibilities at Compass.

Taking into account these factors, the Committee recommended the reappointment of Stefan Bomhard for a further three-year term, which was approved by the Board. Stefan stood for re-election at the 2022 AGM. The resolution for his re-election received close to 100% of the votes cast in favour of his re-election.

### Senior management succession planning

The Committee oversees the development of a strong and diverse pipeline of high-calibre individuals capable of discharging executive-level responsibilities.

The succession planning process includes a review of talent at senior level across all regions and countries within the Group. This enables the Committee to monitor and evaluate the strength of the talent pipeline, its composition, its diversity and the training and development needs within the Group's senior leadership.

During the year, the Committee reviewed succession planning for senior management, recognising the importance of culture in the context of the evolution of the People, Performance and Purpose strategy. As part of that review, the Committee considered the talent management building blocks: strengthening the succession pipeline, increasing diversity, improving talent mobility, and developing future leaders. The Committee also reviewed the profiles of the individuals in the talent pipeline.

## NOMINATION COMMITTEE REPORT CONTINUED

**Diversity, equity and inclusion**

At Board level, the approach to appointing new directors reflects the Committee's objective to ensure that there is always an appropriate balance of experience and backgrounds on the Board. The Committee places great emphasis on ensuring that Board membership embodies diversity in its broadest sense. For this reason, members of the Board are drawn from a wide range of disciplines, industries and cultures. The Company has a Board Diversity Policy, which is published on the Company's website, [www.compass-group.com](http://www.compass-group.com).

In line with the recommendations of the Hampton-Alexander review, as at 30 September 2022, the percentage of female directors on each of the Board and Executive Committee (the primary senior management committee of the Group) was 33% and 40% respectively.

The FTSE Women Leaders Review (FWLR), which was published in February 2022, recommends as a target that FTSE 350 boards and leadership teams have a minimum of 40% women by the end of 2025. It further advocates that FTSE 350 companies have at least one woman in the Chair or SID role, and/or one woman in the CEO or CFO role, in the same time frame. The Company is supportive of these aims and will seek to comply with them.

The Board also supports the aims of the Parker Review to improve ethnic diversity in UK business leadership so that the diversity of the Group's stakeholders (including employees, consumers and the communities in which the Group operates) are better reflected in the boardroom.

The Parker Review, first published in 2017, made a series of recommendations aimed at improving ethnic diversity on FTSE 100 boards. The composition of the Board exceeds the Parker Review recommendations and the Nomination Committee will continue its work to maintain a balance on the Board of individuals representing a wide cross-section of experience, cultural backgrounds and specialisms.

The Committee noted that the recommendations of the FWLR and Parker Review have been reflected in the FCA's Listing Rules and are effective for financial years commencing after 1 January 2022 and will therefore apply to the Company for the financial year ending 30 September 2023. However, in the interests of transparency, the Company has chosen to disclose the information required by LR 9.8.6(9) on page 61.

The Committee also reviews the Group's policies on workforce DE&I, and their objectives and links to strategy. The Group operates open and inclusive hiring and staff management practices and, in reviewing the Group's policies, the Committee was satisfied that they supported the development of a more diverse workforce and leadership within the business, and were consistent with the Group's winning, caring culture.

During the year, the Committee received an update on the Group's DE&I programme from the Group Chief People Officer and the Chief People Officer of the Group's North America business. This included a presentation on DE&I experiences of employees and an explanation of the programme's rationale, the progress in

implementing the strategy across the Group, and the priority being given at country level to meeting local needs and reflecting local legislation, demographics and cultural nuances. The Committee is supportive of management's view that focusing on local requirements will help to build a stronger sense of community and belonging across the Group. The Committee also endorsed initiatives to embed DE&I in talent and capability approaches, including for example, the use of an external partner to evaluate inclusive leadership behaviours, and management's efforts to further strengthen the pipeline of women across the Group's businesses through managed career paths, improved access to opportunities and the removal of barriers to progression.

*More details on the Group's DE&I initiatives can be found on pages 30 to 35. Information on Board and Executive Committee gender and ethnicity can be found on page 61. Gender diversity of Executive Committee direct reports can be found on page 58.*

**Time commitment and training and development**

In line with its terms of reference (which were reviewed during the year), the Committee performed an annual review of the time required from the Chair of the Board, SID and non-executive directors to perform their duties. As part of this process, the Committee reflected on directors' attendance at scheduled meetings and their availability at other times during the year.

In consultation with the Chair of the Board, the Committee also considered the training that had been received by directors in the year, including technical updates from the Group General Counsel and Company Secretary and other in-house and external subject matter experts and advisers. They also considered future training needs that had been identified.

In this regard, during the year, the directors received a briefing from Dr Paul Litchfield, the Company's Chief Medical Adviser, on mental health illness in the workplace, its impact on the workforce and a company's performance. This gave the Board a greater understanding of the importance of this topic and the potential impact on its colleagues and the Group, particularly after the COVID-19 pandemic.

**Board and committee evaluation**

During the year, an independent formal external evaluation was conducted in line with the triennial external requirement set out in the Code. Lintstock Limited (Lintstock), which is independent of and has no other links with the Company or its directors, was reappointed to conduct the external evaluation and to provide continuing and ongoing support to the evaluation process in the coming years.

In May, Lintstock was given a clear and comprehensive brief by the Chair of the Board and the Group General Counsel and Company Secretary. The evaluation process comprised a series of questionnaires which focused on the efficacy of the Board and its principal committees. The questionnaires were completed by all directors and the Group General Counsel and Company Secretary and took into account and built on the key themes which had emerged from preceding evaluations, including the 2019 external evaluation, also undertaken by Lintstock.

Lintstock conducted interviews with the Chair of the Board, each member of the Board and the General Counsel and Company Secretary. The interviews explored a number of themes, such as:

- Board composition (including diversity in terms of gender and ethnic background)
- stakeholder oversight
- Board dynamics
- management and focus of meetings
- Board and committee support
- strategic oversight
- risk oversight
- executive remuneration
- succession planning
- people oversight

and any other matters which directors wished to raise.

The outcome of the evaluation process (except the performance appraisal of the Chair of the Board, which was reviewed by the SID) was initially shared with the Chair of the Board and the Group General Counsel and Company Secretary followed by the other directors. All reports were subsequently presented to the directors by Lintstock, at the Committee meeting held in July.

The evaluation concluded that the Board and its committees continued to be effective, benefiting from a broad range of skills relevant to the business, and a breadth of experience in key international markets reflecting Compass' global footprint. With the positive and inclusive leadership style demonstrated by the Chair of the Board, the newer non-executive directors were contributing effectively to Board debate and the management of meetings continued to be an area of strength.

The evaluation also concluded that each of the directors continued to contribute effectively to Board and committee meetings.

A number of priorities were identified for the Board in the year ahead:

- continuing focus on Board and Executive Committee succession planning for key leadership roles and future non-executive director succession
- refocusing the forward agendas for the Board and committees in light of the evolving environmental, societal and governance landscapes to promote and support strategic discussions
- ensuring that directors have regular opportunities to meet in person and informally to further develop relationships

These priorities, together with the regular work of the Board, will inform the Board's agenda for the coming year.

The priorities identified from this year's evaluation of the Audit, CR and Remuneration Committees can be found on pages 78, 81 and 113 respectively.

### Nomination Committee evaluation

The priorities set by the Committee as a result of last year's evaluation process were as follows:

- continuing the development of succession planning for the Board and senior management in both the short and longer term
- continuing to focus on DE&I to ensure a diverse pipeline of talent

These themes, together with the Committee's regular programme of work, shaped the Committee's agenda and were included in the principal activities during the year under review.

This year's external evaluation of the Nomination Committee confirmed that the Committee continued to be effective and identified two key priorities for the year ahead:

- continuing to effectively support the Board in relation to Board and Executive Committee succession planning
- continuing the development of a diverse talent pipeline including gender, ethnicity and culture

These matters, together with the regular work of the Committee will inform the Committee's agenda for the coming year.



**IAN MEAKINS**

Chair of the Nomination Committee

21 November 2022



### CAROL ARROWSMITH

Chair of the Remuneration Committee

#### Members

At the date of this Report the following are members of the Remuneration Committee (the Committee):

- Carol Arrowsmith (Chair)
- Stefan Bomhard
- John Bryant
- Arlene Isaacs-Lowe
- Anne-Francoise Nesmes
- Sundar Raman
- Nelson Silva
- Ireena Vittal

The Committee consists entirely of independent non-executive directors, as defined in the UK Corporate Governance Code 2018 (the Code). Biographies of the Committee members can be found on page 55 to 57.

#### Meetings

The Committee held three scheduled meetings during the year and the meeting attendance table can be found on page 65.

#### Main responsibilities

The Committee determines the Company's Remuneration Policy and is responsible for setting remuneration terms and conditions of employment for the Chair of the Board, executive directors and the Executive Committee.

The Committee ensures that members of the Executive Committee are appropriately incentivised to enhance the Group's performance and are rewarded for their contribution to the long-term sustainable success of the business by designing, monitoring and assessing incentive arrangements, including setting stretching targets and assessing performance and outcomes.

The Committee reviews remuneration arrangements for other senior executives within the Group and has regard to the wider remuneration philosophy of the organisation when developing policy and considering executives' packages, monitoring the relationship between the remuneration arrangements of executives and those of the wider workforce.

The Committee maintains an active dialogue with major shareholders, and ensures their views and those of their advisers are sought and considered when determining the Remuneration Policy.

# REMUNERATION COMMITTEE REPORT

#### Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report (DRR) for the financial year ended 30 September, 2022. The Report is split into the following sections:

- this Annual Statement which contains the Committee's key activities in the year and an 'at a glance' summary of the remuneration decisions made during the year
- the 2022-2025 Remuneration Policy (the 2022 Policy), approved by shareholders at the 2022 AGM
- the Annual Remuneration Report on the implementation of the Policy in the year ended 30 September 2022 and proposed implementation of the Policy in 2022-2023

#### A strong recovery

Compass has produced a strong set of results for the financial year under review. The Group's significant acceleration in growth and ongoing recovery has led to an increase in revenue above pre-COVID-19 levels, largely as a result of new business wins and base volume recovery.

Our strong financial performance and disciplined capital allocation framework has also allowed us to reward our shareholders through the declaration of a final dividend, the announcement of a further share buyback and a reduction in our net debt to EBITDA ratio.

As a Committee, we believe our new Remuneration Policy, approved by shareholders at the 2022 AGM, is well placed to continue to support the delivery of our strategy.

Notwithstanding the strong financial performance in 2022, there are emerging global inflationary pressures and macroeconomic uncertainties. Compass has a strong leadership team in place both to seize the growth opportunities and to mitigate the potential challenges ahead. Our people continue to be at the centre of our recovery, and our focus on their health, safety and well-being is critical to the continued success of our business. We have put in place a number of programmes to support our people through these challenging times, including financial wellbeing and free food offerings. Our UK&I business also has a 'Helping Hands' fund providing financial support for colleagues in need. Our people are at the heart of who we are and what we do, and we will continue to invest in supporting them through these challenging times.

#### Performance and remuneration outcomes in 2021-2022

In determining outcomes for the year, we maintained our focus on rigorous assessment of performance, together with a balanced appraisal of the context and stakeholder experience. The outcomes under the bonus plan 2021-2022 and LTIP 2019-2020 are described on page 87.

#### 2021-2022 bonus

The 2021-2022 annual bonus plan was based on performance measures designed to support the continued delivery of resilient and profitable business recovery. Measures were aligned to the financial and strategic objectives of the Group and, where relevant, regional performance. Each measure within the plan is independently set and assessed.

For executive directors, the annual bonus plan for 2021-2022 was based on operating margin, absolute revenue, cash conversion and health, safety and environmental measures (HSE) (based on the Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR)).

The Committee has measured the outcome against the targets and assessed the Group's performance on a holistic basis, ensuring that the bonus outcomes are a fair reflection of performance and are aligned with the interests of shareholders.

The Group performed strongly in 2021-2022 both in terms of revenue growth and margin improvement, with underlying operating profit nearly doubling to £1.6 billion. The Group has continued its focus on margin, delivering an annual underlying operating margin of 6.2%, representing a 170bps year-on-year improvement. Organic revenue growth was 37.5% with net new business of 7.5%. Revenue levels in all sectors and regions operated above pre-pandemic levels during the second half of 2022. The Group generated a strong underlying operating cash flow of £1,351 million (2021: £1,004 million) which represented a conversion rate of 85%, back in line with our typical pre-COVID levels. Health & Safety performance saw another year of improvement with outcomes being within the limits set under the bonus plan.

The Committee considered the overall performance of the Group in the year and concluded that the formulaic outcomes of the annual bonus, being 100% of maximum for each executive director, were appropriate and that no discretion would be applied. Karen Witts' bonus payment was pro-rated to reflect the period in which she was a director.

The Committee is pleased to note that participants in bonus plans throughout the organisation will receive payments based on performance against a combination of the above measures calibrated at Group, regional or country levels as appropriate.

More details are set out in the Annual Remuneration Report on pages 101 to 102.

### 2019-2020 Long Term Incentive Plan (LTIP)

The three-year performance period in respect of the 2019-2020 LTIP award came to an end on 30 September 2022.

The LTIP awards held by Dominic Blakemore, Gary Green and Karen Witts were subject to targets based on Adjusted Free Cash Flow (AFCF), Return on Capital Employed (ROCE) and Total Shareholder Return (TSR) performance measures. In the financial year ended 30 September 2022, the Group performed strongly against all of these performance metrics, and has outperformed sector peers. Reported ROCE for the Group improved from 8.7% in 2021 to 15.8% in 2022, reflecting the near doubling of underlying operating profit, and the Group generated £890 million of underlying free cash flow at a conversion rate of 56%. We reinstated dividends in 2021 and have recently completed a £500 million share buyback programme. The above results have contributed to strong share price performance.

Notwithstanding this strong recovery, the performance conditions for this LTIP award were set in November 2019, i.e. prior to the onset of the pandemic. Although the Group has performed strongly in the circumstances, the scale of recovery required to overcome the cumulative impact of the pandemic required an unrealistic level of financial and share price performance in the final year of the performance period to meet the original thresholds that had been set.

Consistent with the principles of the Code, the Committee undertook a holistic review of performance for the period. It was noted that this is the third consecutive LTIP award where, in spite of superior sector performance, the impact of the pandemic on our business was so severe that the performance conditions were not met.

The Committee considered the potential use of positive discretion in respect of the vesting outcome of this award to reflect the success of the business recovery, growth trajectory and record business retention. Overall, the Committee concluded that the performance of the executive directors and their impact on the business could have justified some level of vesting under the 2019-2020 LTIP award. However, the Committee was also mindful of shareholder and proxy agency views, the current social and economic environment, as well as the wider stakeholder experience. Accordingly, positive discretion was not exercised and the conditional share awards for the executive directors under the 2019-2020 award lapsed in full.

### Remuneration Policy

As described in last year's Directors' Remuneration Report, we reviewed our Remuneration Policy and submitted our updated Policy for shareholder approval at the 2022 AGM. The changes included a review of maximum LTIP award levels, the introduction of a mandatory deferral of one-third of the annual bonus for executive directors from the 2022-2023 bonus year and an enhancement to our share ownership guidelines.

We received a 67.50% vote in favour of our Remuneration Policy. The Board noted that, although over two-thirds of shareholders were supportive of the new Directors' Remuneration Policy, some shareholders did not vote in favour of this resolution.

Ahead of last year's AGM, and as part of developing the Remuneration Policy, we consulted extensively with the Company's largest shareholders, investor representative groups and proxy agencies and received broad support. Since last year's AGM, in line with our commitment to an open and transparent dialogue with shareholders, the Committee Chair continued to engage, inviting major shareholders representing over 50% of the Company's issued share capital to provide further input. The Committee received helpful feedback from these engagements, including support for the Policy from the majority of those consulted. The Committee also has an understanding of the reasons why a minority of shareholders were not supportive of the Policy. The reasons were primarily in relation to the increase in the future LTIP award quantum for executive directors.

The Committee continues to believe the increase in LTIP quantum allows us to better align with the market and to enhance the retention and motivation of our best talent. Adjusting LTIP award levels also best meets the interests of our shareholders, by ensuring pay is performance-tested, long-term and share-based. We are mindful of investor feedback and we will continue to review outcomes from future LTIP awards to ensure that they are supported by the underlying performance of the business.

The Committee would like to thank those shareholders that have taken part in these engagements and values the feedback and insights gained.

### Remuneration framework for 2022-2023

#### Base salary

In reviewing the executive directors' salaries, the Committee considered the matter holistically, particularly taking into consideration the broader macro-economic environment and the wider workforce. The sustained strong absolute and relative performance of the Group was taken into consideration along with the current external market and increases applicable to the wider population.

The Committee agreed salary increases of just under 4.8% for all executive directors which take effect from 1 January 2023. The average increase for employees across the wider UK population is expected to be c. 8% during 2023.

## DIRECTORS' REMUNERATION REPORT CONTINUED

**Pension alignment**

As detailed on page 90, the phased reduction of executive directors' pension rates will continue and they will be fully aligned with the maximum contribution available to the majority of the UK workforce by 31 December 2022. As a result, with effect from 31 December 2022, Dominic Blakemore's pension allowance will reduce from 10% to 6% of salary, and Gary Green's pension allowance will reduce from 18% to 6% of salary. In accordance with the prevailing Remuneration Policy, Palmer Brown was appointed with a pension allowance of 6%.

**Bonus plan**

The Committee continually reviews remuneration arrangements to ensure they are aligned to the business strategy. Overall, 85% of the bonus will be based on financial metrics, with the remaining 15% based on Environmental, Social and Governance (ESG) performance measures, aligned to the Group's ESG objectives. We have made two changes to the bonus measures for the year ahead.

The Committee has decided that the time is right to revert to the historic organic revenue growth measure, as on a constant currency basis, revenues are now consistently at or above pre-pandemic levels. This change reflects the business's evolution from recovery to growth, and replaces the absolute revenue measure with the same weighting.

Within the ESG component, the Committee believes food waste to be a meaningful and impactful measure. Food is at the core of our business and one of the ways we can make a significant impact on climate change is by reducing food waste. Food waste is a key contributor towards carbon emissions and reducing this also has a high correlation with operating margin improvement. By raising awareness through measurement we will drive a significant reduction in food waste. This approach will also help meet the Group's Science Based Targets initiative (SBTi) targets and complement its work, in partnership with clients and suppliers, to halve food waste by 2030.

To assist in building a robust basis for measurement, we are deploying technology to understand our food waste footprint. This will help our teams measure, monitor and reduce food waste and enable the Group to develop an accurate and consistent measurement of progress. Given that focus on measurement will drive the greatest initial returns, in year one, the Committee has elected to measure the increase in the number of sites with technology deployed to accurately measure and report food waste. The measure will focus on core countries and on larger sites, to influence a significant proportion of our revenue base in a meaningful way.

The food waste measure will be weighted at 5% of bonus opportunity, with a corresponding reduction in the weighting of the operating margin measure from 50% to 45%.

As we deploy the technology, the Committee will continue to keep this metric under review in future years. Over time, the objective is expected to evolve to include a more direct target for reduction in food waste, aligned with our strategic goals in this area.

For annual bonus periods commencing after the 2022 AGM, i.e. with effect from the 2022-2023 annual bonus year, executive directors will be required to defer one-third of any bonus earned into shares for a period of three years.

**LTIP award**

The Committee will make LTIP awards to Dominic Blakemore of 400% of salary, and to Gary Green and Palmer Brown of 350% of salary, in line with the 2022 Directors' Remuneration Policy. Awards will continue to be based on AFCF, ROCE and TSR, as these link to our strategy and the creation of shareholder value. The Committee believes that the targets are suitably stretching and are aligned with shareholders' interests. Further details on the targets can be found on page 107.

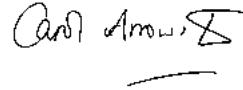
**Looking ahead**

I will be stepping down as Chair of the Remuneration Committee following the conclusion of the 2023 AGM, and consequently, this will be my final report to you before handing over to John Bryant.

I would like to take this opportunity to thank our major shareholders and the key institutional investor bodies for the time taken to engage with us during my tenure as Chair. The feedback provided by investors has influenced our perspective and contributed greatly to the decision-making of the Committee.

I know that under John's leadership, the Committee will continue to engage with shareholders and institutional investor bodies in the development of our remuneration policies and structures and will continue to emphasise the links to performance and to consider wider stakeholders in its deliberations.

I hope that you will join the Board in supporting the resolution to approve the 2022 Remuneration Report.


**CAROL ARROWSMITH**

Chair of the Remuneration Committee

21 November 2022

# COMMITTEE SUMMARY

## Governance

Carol Arrowsmith has chaired the Remuneration Committee since June 2014. Membership comprises the Chair of the Committee and all of the non-executive directors. Members are appointed by the Board following recommendation by the Nomination Committee.

The Committee meets at least twice a year and the quorum necessary for a meeting is two. The meeting attendance table can be found on page 65. The Chair of the Committee attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities.

Only members of the Committee have the right to attend Committee meetings. The Group General Counsel and Company Secretary acts as Secretary to the Committee and attends all of its meetings. The Group Chief People Officer and the Group Reward Director are typically invited to attend Committee meetings to advise on remuneration matters. The Chair of the Board, Group CEO and Group CFO may also attend by invitation. No individual attends meetings where their own remuneration is discussed or in other circumstances where their attendance would not be appropriate. Details of advisers to the Committee can be found on page 113.

The Committee is authorised to seek external legal or independent professional advice as it sees fit. The terms of reference of the Committee are reviewed annually to ensure that they continue to be fit for purpose. They were last reviewed in September 2022 when they were updated to bring them in line with the model terms of the Chartered Governance Institute UK & Ireland. A copy of the terms of reference can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

## Structure and content of the DRR

This DRR has been prepared on behalf of the Board by the Committee in accordance with the requirements of the Companies Act (CA) 2006, The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 2013 regulations), The Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 regulations) and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (the 2019 regulations). The sections include:

- the Company's Remuneration Policy which applied with effect from 3 February 2022 when it was approved by shareholders at the Company's AGM
- how the Policy was implemented in the year ended 30 September 2022 and how the Policy will be implemented in the next financial year (the Annual Remuneration Report)
- how the Committee engaged with major shareholders during the year

Auditable disclosures are the:

- executive directors' single total figure of remuneration (page 100)
- non-executive directors' remuneration (pages 104 and 105)
- long term incentive awards (page 107)
- extant equity incentive awards held by executive directors (page 108)
- director changes during the year (page 109)
- directors' interests (page 109)

## Activity during the year

The key activities of the Committee during the year ended 30 September 2022 are set out below. In addition, the Committee monitors performance and reviews regularly any discretionary matters in relation to individuals below executive director level in relation to the Company's share plans. The Committee also agrees the appointment and exit terms for executive directors and other members of the Executive Committee.

### October 2021

- reviewed terms for outgoing and incoming Group CFO

### November 2021 (scheduled)

- approved the 2022 Directors' Remuneration Policy to be put forward to shareholders at the 2022 AGM
- reviewed and updated the share ownership guideline policy in line with the proposed 2022 Policy
- reviewed salaries for the Executive Committee and executive directors effective 1 January 2022, taking into consideration salary review budgets across the Group
- determined performance outcomes for the 2018-2019 LTIP and 2020-2021 bonus plans
- set targets under the 2021-2022 bonus plan
- approved the structure and proposed quantum of 2021-2022 LTIP awards
- approved the draft DRR for 2020-2021
- assessed share ownership compliance against the Policy

### February 2022

- approved the post-AGM statement for release to the London Stock Exchange
- approved the 2021-2022 LTIP awards

### May 2022 (scheduled)

- considered the post-AGM consultation update
- received an update on external remuneration trends and market practice from external advisers
- considered ESG measures in future incentive arrangements
- received a half-year update on the 2021-2022 annual bonus performance
- received a half-year update on in-flight LTIP performance
- considered the wider employee perspective
- considered share schemes including a report on the application of notional dividend awards and approved the Deferred Annual Bonus Plan Rules

### September 2022 (scheduled)

- received an update on progress against full-year 2021-2022 bonus targets and in-flight LTIP awards
- considered the use of discretion in respect of the 2019-2020 LTIP award
- determined the structure and measures for the 2022-2023 LTIP award and bonus plan
- reviewed the draft DRR for 2021-2022
- reviewed the fee for the Chair of the Board
- reviewed the terms of reference of the Committee

# REMUNERATION AT A GLANCE

## Linking our reward and business strategy

Our remuneration policy is designed to link directly to our Group strategic KPIs and how we measure our business performance:

- organic revenue growth
- operating efficiencies
- competitive advantage
- people and purpose

Our role as a Remuneration Committee is to determine the Company's Remuneration Policy, with responsibility for setting the remuneration terms and conditions of employment for the Chair of the Board, executive directors and Executive Committee. We do this by:

- ensuring members of the Executive Committee are appropriately incentivised to enhance the Group's performance and are rewarded for their contribution to the success of the business
- considering executives' remuneration arrangements and monitoring the relationship between them and those of the wider workforce
- reviewing the remuneration arrangements for other senior executives within the Group, having regard to the wider remuneration philosophy of the organisation when developing policy
- maintaining active dialogue with shareholders and ensuring their views and those of their advisers are sought and considered when setting executive remuneration policy

## SUMMARY OF THE 2022 DIRECTORS' REMUNERATION POLICY

### Fixed pay: Base salary, pension and benefits

**Salary:** Group CEO: £1,095,000; Group CFO: \$1,016,500; Group COO, North America: \$1,626,870 with effect from 1 January 2023.

**Pension:** Pension contributions or equivalent cash allowance for any new hires will be aligned with the wider UK workforce at 6% of salary. Pension cash allowances for the Group CEO and Group COO, North America will reduce to 6% with effect from 31 December 2022. The Group CFO was appointed with a pension allowance of 6% of base salary.

For Group CEO, reducing from 10% of base salary to:

31 Dec 22  6%

For Group COO, North America, reducing from 18% of base salary to:

31 Dec 22  6%

**Benefits:** Include healthcare for executive directors and their dependants, limited financial advice, life assurance, car benefit, and where appropriate international assignment support.

### Annual bonus: Short-term variable remuneration

- to incentivise and reward the achievement of stretching one-year key performance targets
- maximum: 200% (Group CEO) and 150% (other executive directors) of salary. Awards subject to malus and clawback for a period of three years

Cash element

One-third of the bonus earned will be deferred for three years

Mandatory deferral applies from the 2022-2023 annual bonus year

### Long-term incentive plan: Long-term variable remuneration

- encourages delivery of longer-term financial performance and shareholder value. Performance is measured over a three-year period and vested shares will be held for a further two years. Awards are subject to malus and clawback for a period of three years
- award size: 400% (Group CEO) and 350% (other executive directors) of salary
- shareholding guidelines of 400% (Group CEO) and 350% (other executive directors) apply

3-year performance period

2-year holding period

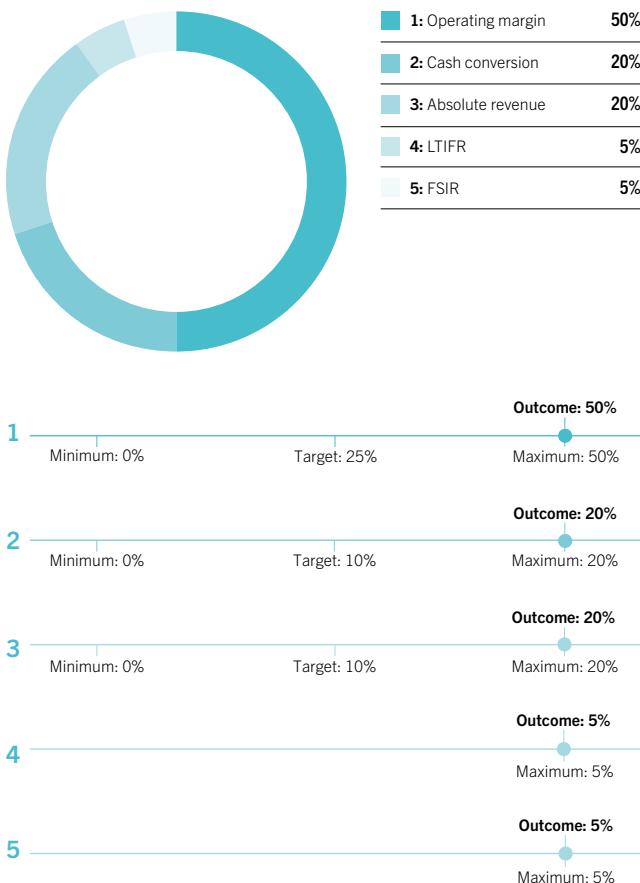
Awards are subject to malus, clawback, and post-employment holding requirements

## 2022 OUTCOMES

### ANNUAL BONUS

Outcomes of 2021-2022 plan: 100%

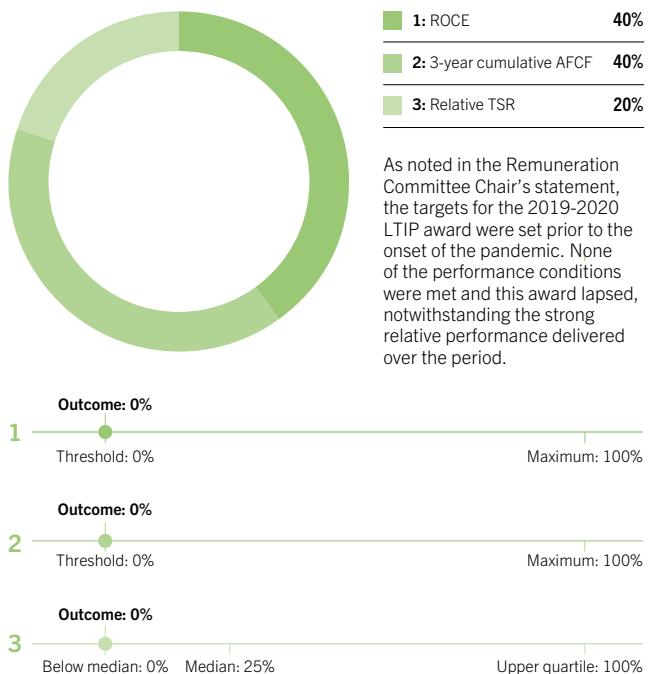
The maximum annual bonus opportunity is 200% of base salary for the Group CEO and 150% of base salary for other executive directors. One-third of the bonus is deferred into shares for executive directors who have not achieved the pro-rata share ownership guideline, with all other payouts in cash. All cash bonuses and deferred bonus share awards are subject to malus and clawback. Further details can be found on pages 101 to 102.



### LONG TERM INCENTIVE PLAN

Outcomes of 2019-2020 award: 0%

Awards of 300% of base salary for the Group CEO and 250% of base salary for other executive directors were granted in 2019-2020. The three-year performance period ended on 30 September 2022. Further details can be found on page 104.



### 2022 EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION

Dominic Blakemore

22 £3,299k

21 £3,211k

Palmer Brown

22 £2,191k

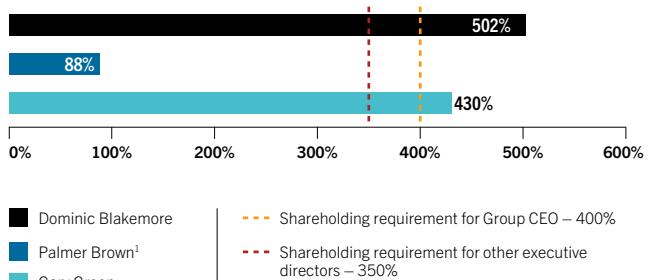
21 N/A

Gary Green

22 £3,338k

21 £3,124k

### EXECUTIVE DIRECTORS' SHAREHOLDING



1. Palmer Brown was appointed to the Board on 4 October 2021 and has five years from date of appointment, or date of increase in shareholding requirement, whichever is the later, in which to achieve the required holding. Compliance with the share ownership guidelines is assessed annually on a pro-rata basis. His current shareholding exceeds the pro-rated shareholding requirement. In November and December 2022, a total of 42,540 shares will vest, and the net of tax and social security balance of shares will be retained by Palmer.

# REMUNERATION POLICY

This section of the Report sets out the Company's Remuneration Policy. We consulted with shareholders extensively during 2021 when the 2022 Policy was being formulated. The Policy applied with effect from 3 February 2022 when it was approved by shareholders at the Company's Annual General Meeting and is intended to apply until 2025.

The 2022 Policy is designed to incentivise executives to deliver the Company's strategic objectives. A significant portion of remuneration is performance-related, based on a selection of targets linked to key business drivers which can be measured and understood by both executives and shareholders.

The Committee may make minor amendments to the Policy (for example for tax, exchange control, regulatory or administrative purposes) without obtaining shareholder approval.

The Committee reserves the right to make any remuneration payments, and payments for loss of office (including any discretion available to it in connection with such payments), notwithstanding that they are not in line with the policy set out below where the terms of the payment were agreed: (i) before 3 February 2022 when the 2022 Policy (approved by shareholders in accordance with section 439A of the Companies Act) came into effect, provided that the terms of the payment were consistent with the Directors' Remuneration Policy (approved by shareholders in accordance with section 439A of the Companies Act) in force at the time they were agreed; or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Committee considers the general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market and economic conditions and to governance trends when assessing the level of salaries and remuneration packages of executive directors and other members of the Executive Committee. Executive directors have a greater proportion of their total remuneration package at risk than other employees; however, the structure and principles of incentives are broadly consistent. The wider employee population of the Group will receive remuneration that is considered to be appropriate in relation to their geographic location, level of responsibility and performance.

The Company is committed to ongoing engagement and seeks major shareholder views in advance of proposing significant changes to its remuneration policies.

## Remuneration Policy and practices in the context of the UK Corporate Governance Code 2018 (the Code)

The Committee has considered the Remuneration Policy and practices in the context of the principles of the Code, as follows:

**Clarity** – the Committee is committed to having a transparent approach to pay, by engaging regularly with Executives, shareholders and their representative bodies in order to explain the approach to executive pay and how it links to the Compass strategy. We are also committed to clear and transparent disclosure on all aspects of executive remuneration.

**Simplicity** – the purpose, structure and strategic alignment of each element of pay has been clearly laid out in the Remuneration Policy. The incentive arrangements are well understood by both participants and shareholders. The Committee monitors the structure of both the annual bonus and long-term incentives to ensure they are easy to understand and avoid complexity. Additionally, the Committee ensures there is sufficient flexibility to exercise discretion and override formulaic outcomes, where necessary.

**Risk** – the Committee ensures the careful balance between competitive pay and performance driven incentives is appropriate, in order to mitigate any risk of excessive rewards or encouraging the wrong behaviours. There is an appropriate mix of fixed and variable pay elements, which, alongside the Committee's ability to exercise overarching discretion on Compass' performance within the year, allow for a holistic assessment of performance in the year. Additionally, there are robust measures in place to ensure alignment with long-term shareholder interests, including the post-vesting retention period, shareholding requirement, malus and clawback provisions and, from 2022-2023, mandatory bonus deferral into shares.

**Predictability** – our Directors' Remuneration Policy contains both target and maximum opportunity details for our incentives, with actual performance outcomes dependent upon performance achieved against the targets for the period. Additionally, potential remuneration opportunities under different performance scenarios are set out on page 97 of this Report.

**Proportionality** – executives are incentivised to achieve stretching, business-linked targets over annual and three-year performance periods ensuring strong alignment with the business objectives and creation of long-term value for shareholders. The Committee assesses performance holistically at the end of each period, taking into account underlying business performance as well as the internal and external market context. The Committee may exercise discretion to ensure that payouts appropriately reflect the experience of the Group during the year.

**Alignment with culture** – to ensure alignment across the organisation, the Executives have committed to a phased reduction of pension allowances so that they are in line with the maximum contribution available to the majority of the wider UK workforce by 31 December 2022. Additionally, the health and safety of our employees, clients and consumers has always been a top priority for Compass. We have progressively increased the weighting of our ESG measures within the bonus plan, from 5% to 15% over three years. Our measures are meaningful to our business, reflecting the importance of health and safety, and the impact of reducing food waste on the environment.

## Component parts of the remuneration package

The key components of executive directors' remuneration for the 2022 Policy period are summarised below:

Component and link to strategy	Operation of component	Maximum opportunity	Performance measures	
<b>Base salary</b>	<p>Reflects the individual's role, experience and contribution.</p> <p>Set at levels to attract and retain individuals of the calibre required to lead the business.</p>	<p>Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year. Salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as the performance and effectiveness of the individual.</p>	<p>Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions as well as increases for the wider workforce. Increases may be above this when an executive director: progresses in the role; gains substantially in experience; experiences a significant increase in the scale of the role; or was appointed on a salary below the market median. These will be appropriately explained in the relevant year's Annual Report.</p>	None.
<b>Benefits and pension</b>	<p>To provide a competitive level of benefits.</p>	<p>Benefits include, but are not limited to: healthcare for executive directors and their dependants, limited financial advice, life assurance and car benefit.</p> <p>These are offered to executive directors as part of a competitive remuneration package.</p> <p>The Committee has the discretion to offer additional allowances or benefits to executive directors, if considered appropriate and reasonable to the circumstances. These may include but are not limited to relocation expenses, housing allowance and school fees where appropriate.</p> <p>Executive directors are invited to participate in the Company's defined contribution pension scheme (or local plan) or to take a cash allowance in lieu of pension entitlement.</p>	<p>The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value.</p> <p>For the Company's pension cash allowance (or pension contribution as appropriate), from 4 February 2021 the annual maximum will be aligned to the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary).</p> <p>Pension contributions for current executive directors will be aligned to this rate over time.</p> <p>Dominic Blakemore's pension allowance of 10% of salary will reduce to 6% on 31 December 2022.</p> <p>Gary Green's pension allowance of 18% of salary will reduce to 6% on 31 December 2022.</p> <p>Palmer Brown is eligible to participate in the local US arrangements with Company contributions capped at 6% of salary.</p>	None.

## REMUNERATION POLICY CONTINUED

Component and link to strategy	Operation of component	Maximum opportunity	Performance measures
<b>Annual bonus</b> Incentivises and rewards the achievement of stretching one year key performance targets set by the Committee at the start of each financial year.	<p>The annual bonus is earned by the achievement of performance over the financial year against targets set by the Committee at the start of each financial year. It is delivered in cash or a combination of cash and deferred bonus shares.</p> <p>The Committee retains discretion to adjust the bonus outcomes to ensure that they reflect underlying business performance.</p> <p>The annual bonus is subject to malus and/or clawback for a period of three years following the date of payment or grant of an award in the event of discovery of: a material misstatement in the accounts or in the assessment of a relevant performance condition; where the action or conduct of a participant amounts to fraud or serious misconduct or has a detrimental impact on the reputation of the Group; a material corporate failure; or the occurrence of any other exceptional event as determined at the discretion of the Committee.</p> <p>For 2021-2022, bonus will be deferred when share ownership guidelines have not been met, usually with a minimum level of deferral of one third of the bonus earned and typically deferred for a period of three years.</p> <p>With effect from the 2022-2023 bonus plan year, one third of the bonus for executive directors will be subject to mandatory deferral into shares, for a period of three years.</p> <p>Dividend equivalents may be accrued on Deferred Bonus Shares.</p>	<p>The maximum award for the Group CEO is 200% of base salary and for the other executive directors it is 150% of base salary.</p> <p>No bonus is payable for performance below threshold level.</p>	<p>Performance is measured over the financial year. Performance measures are determined by the Committee each year and may vary to ensure that they promote the Company's business strategy and shareholder value.</p> <p>The performance measures and their percentage weightings may vary, depending upon a director's area of responsibility.</p> <p>Performance measures may include, but are not limited to, profit, revenue, margin and cash flow. Strategic KPIs including ESG measures may also be chosen. However, the overall metrics will normally be weighted to financial measures.</p> <p>Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget.</p> <p>A bonus underpin may be operated so that the bonus outcome is reduced if the underpin performance is not met.</p> <p>Details of the specific measures and targets applying to each element of the bonus for 2022-2023 are shown in the Annual Remuneration Report on page 106.</p>

Component and link to strategy	Operation of component	Maximum opportunity	Performance measures
<b>Long term incentive plan (LTIP)</b>	<p>An annual conditional award of ordinary shares which may be earned after a three year performance period, based on the achievement of stretching performance conditions. Executive directors normally hold vested LTIP shares (net of any shares sold to meet tax and social security liabilities) for a period of two years post vesting.</p> <p>Share based to provide alignment with shareholder interests.</p>	<p>Awards may be made at the following levels of salary:</p> <ul style="list-style-type: none"> <li>– Group CEO: 400%</li> <li>– other executive directors: 350%</li> </ul>	<p>Performance is measured over three financial years.</p> <p>Performance measures for the 2022-2023 award are ROCE, AFCF and TSR, applying 40%, 40% and 20% respectively.</p>
<b>Return on capital employed (ROCE)</b>	<p>ROCE supports the strategic focus on growth and margin through ensuring that cash is reinvested to generate strong returns with capital discipline.</p>	<p>For performance measures, other than TSR, 0% of the award vests for below threshold performance, increasing to 50% vesting on a straight line basis for achievement of on target performance, increasing to maximum vesting for achievement of maximum performance.</p>	<p>LTIP targets are set with reference to a range of relevant reference points which may include internal budgets and analysts' consensus forecasts, with maximum payment requiring performance well ahead of budget.</p>
<b>Adjusted free cash flow (AFCF)</b>	<p>Dividend equivalents may be accrued on the shares earned from LTIP awards.</p>	<p>The element of an award based on relative TSR will vest in full for top quartile performance achievement and 25% of that element of the award will vest if performance is at the median. Awards will vest on a straight line basis between median and top quartile performance achievement. No shares will be released for this element of an award if the Company's TSR performance is below the median.</p>	<p>Details of the targets for the LTIP award to be made in 2022-2023 are set out as required in the Annual Remuneration Report on page 107.</p>
<b>Relative total shareholder return (TSR)</b>	<p>Malus and clawback rules operate in respect of the LTIP. The Committee may decide at any time before an award vests, or for a period of three years after an award vests, that any participant will be subject to malus and/or clawback in the event of: discovery of a material misstatement in the accounts or in the assessment of a relevant performance condition; the action or conduct of a participant amounting to fraud or serious misconduct or having a detrimental impact on the reputation of the Group; a material corporate failure; or any other exceptional event as determined at the discretion of the Committee.</p>	<p>The Committee has discretion to use different or additional performance measures or weightings for awards in future years to ensure that the LTIP remains appropriately aligned to the prevailing business strategy and objectives. The Committee would consult with major shareholders prior to making material changes to performance measures.</p>	<p>Awards are delivered in shares. However, the rules contain provisions to deliver value in cash if necessary (for example, due to securities laws), subject to the discretion of the Committee, determined at any time up to their release.</p>
	<p>In the event of a change of control, any unvested awards will vest immediately, subject to satisfaction of performance conditions and reduction on a time apportioned basis.</p>		

## REMUNERATION POLICY CONTINUED

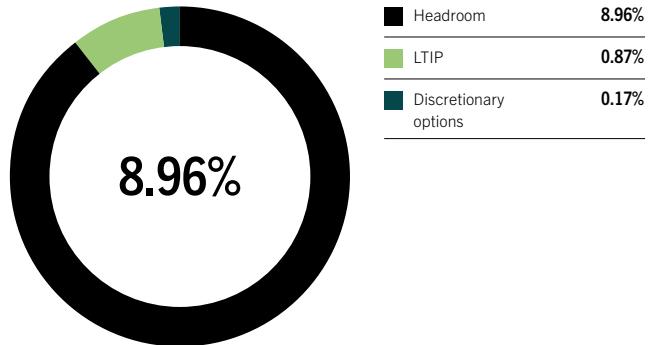
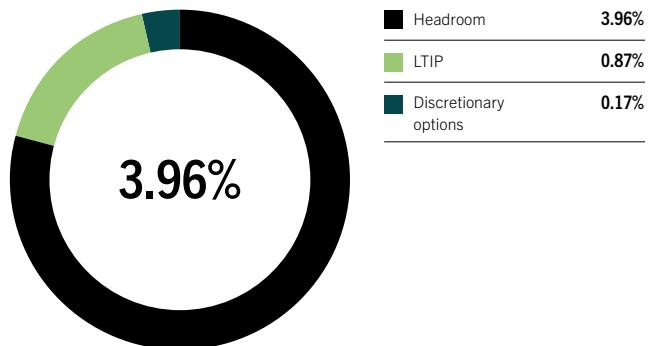
**Incentive plans**

The LTIP described in the table on page 95 (known as The Compass Group PLC Long Term Incentive Plan 2018) is the primary form of equity incentive for executive directors.

**Dilution limits**

All of the Company's equity based incentive plans incorporate the current Investment Association's Principles of Remuneration on headroom which provide that overall dilution under all plans should not exceed 10% over a 10 year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any 10 year period for executive plans.

The Committee monitors the position regularly and prior to making an award, ensures that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. On 30 September 2022, the Company held 25,202,499 treasury shares. During the financial year ended 30 September 2022, 317,052 shares were purchased in the market by the trustees of The Compass Group PLC All Share Schemes Trust. 320,851 treasury shares and 280,371 market purchased shares were used in the year to satisfy the Company's obligations under the Group's employee equity incentive schemes. As at 30 September 2022, the Company's headroom position, which remains within the current Principles, was as shown in the charts below:

**Headroom as at 30 September 2022****10% IN 10 YEARS****5% IN 10 YEARS****Share ownership guidelines**

In order that their interests are linked with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company. Under the Policy the Group CEO and all other executive directors are required to build up and maintain a personal shareholding of 400% and 350% of base salary respectively.

The shareholding guideline may be achieved by executive directors retaining shares received as a result of participating in the Company's share plans. The guidelines specifically exclude the need to make a personal investment should awards not vest. The required level of executive shareholding is expected to be achieved within a five year period, commencing from the date of appointment or date of increase in shareholding requirement, whichever is the later.

Directors' shareholdings are reviewed annually by the Committee to ensure that directors are on course to achieve their guideline shareholding within the period required. However, if it becomes apparent to the Committee that the guidelines are unlikely to be met within the timeframe, then the Committee will discuss with the director a plan to ensure that they are met over an acceptable timeframe. The Committee reserves the right to make the granting of future LTIP awards to an executive director conditional upon reaching the appropriate threshold in the required timeframe. For annual bonus awards for executive directors for periods commencing on or after 1 October 2022, a minimum of one third of their annual bonus earned will be deferred into shares for three years.

A post employment shareholding requirement was implemented under the share ownership guideline policy for executive directors and applies to awards acquired after the effective date of the 2021 Policy (4 February 2021). The Policy requires executive directors to hold the lower of (i) their shareholding at the date of termination of employment; or (ii) shares equivalent to their share ownership guideline at that date, for a period of two years post employment.

Non-executive directors are required to build up and retain a personal shareholding equal to the value of their base fee over four years. Non-executive directors are generally expected to purchase shares equating to a minimum value of one third of their net of tax fee each year until the guideline is met.

Details of the interests of directors in shares and equity incentives are set out on page 109, together with the extent to which each of the directors has complied with the share ownership guidelines as at 30 September 2022.

## Illustrations of application of the 2022 remuneration policy

The graphs below show an estimate of the remuneration that could be received by executive directors in office at the date of this DRR under the 2022 Policy. The charts illustrate for each executive director: remuneration payable at minimum, target and maximum outcomes, along with maximum outcome incorporating an illustrative share price appreciation of 50% on shares granted under the LTIP. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus, the LTIP and LTIP including share price appreciation.

### TOTAL REMUNERATION

Dominic Blakemore

				£000
<b>MINIMUM</b>	100%			£1,177
<b>TARGET</b>	26%	24%	50%	£4,417
<b>MAXIMUM</b>	16%	28%	56%	£7,447
<b>MAXIMUM +50% SHARE PRICE GROWTH</b>	12%	22%	66%	£9,537

Palmer Brown<sup>1</sup>

				£000
<b>MINIMUM</b>	100%			£864
<b>TARGET</b>	31%	20%	49%	£2,827
<b>MAXIMUM</b>	19%	24%	57%	£4,657
<b>MAXIMUM +50% SHARE PRICE GROWTH</b>	14%	19%	67%	£5,985

1. Palmer Brown is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of \$1.2785/£1.

Gary Green<sup>2</sup>

				£000
<b>MINIMUM</b>	100%			£1,391
<b>TARGET</b>	31%	20%	49%	£4,534
<b>MAXIMUM</b>	19%	24%	57%	£7,464
<b>MAXIMUM +50% SHARE PRICE GROWTH</b>	15%	19%	66%	£9,590

2. Gary Green is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of \$1.2785/£1.

■ Fixed pay ■ Annual bonus ■ LTIP

The scenarios in the graphs are as follows:

- fixed pay includes:
  - annual base salary as at 1 October 2022, or date of appointment if later
  - value of benefits as noted in the single figure table on page 100 for the Group CEO and Group COO, North America. The Group CFO received relocation benefits during 2021-2022, therefore an amount has been included in the scenario charts which reflects a more usual benefit provision
  - pension cash allowance, where appropriate, reflecting the phase down arrangements on page 90
- annual bonus is shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively
- LTIP is shown as a maximum of base salary, with minimum, target and maximum performance shown as 0%, 52.5% and 100% respectively. Target payout of 52.5% is based on AFCF and ROCE performance measures vesting at 50% of maximum and the TSR measure vesting at 62.5% of maximum (midway between threshold and maximum payout)
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting
- no dividend accrual has been incorporated in the values relating to the LTIP

### Approach to recruitment remuneration

The Committee will apply the 2022 Policy when considering the recruitment of a new executive director in respect of base salary, pension and benefits, and short and long term incentives. Executive directors will be provided with a pension cash allowance (or contribution) in line with the maximum level of pension provided to the majority of the wider UK workforce (currently 6% of base salary). It is envisaged that the maximum level of variable remuneration which may be granted to a new executive director would be within plan rules and consistent with the 2022 Policy maximum opportunity for existing executive directors and the Group CEO.

Other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of aiming to minimise the cost to the Company. The policy for the recruitment of executive directors includes the facility to provide a level of compensation for forfeited remuneration arrangements from an existing employer, if these are required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate the recruitment of a particular individual would be intended to be of comparable form, timing, commercial value to the benefits forfeited, and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares. However, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the original awards. Where an executive director is appointed from either within the Group or following corporate activity/reorganisation, the normal policy would be to honour any legacy incentive arrangements to run off in line with their original terms and conditions.

## REMUNERATION POLICY CONTINUED

In cases where an executive director must be relocated from their home location as part of their appointment, additional benefits in kind and other allowances may be payable at the Committee's discretion, including but not limited to relocation, education, repatriation costs, tax equalisation or other reasonable international assignment support, normally consistent with the relevant policies applicable to the wider workforce.

It is the Board's intention that the policy on the recruitment of new non-executive directors during the 2022 Policy period will apply remuneration elements consistent with those in place for the existing non-executive directors. It is not intended that cash supplements, day rates or benefits in kind be offered, although in exceptional circumstances such remuneration may be required in currently unforeseen circumstances. Non-executive directors are not eligible for pension scheme membership, bonus or incentive arrangements.

#### Executive directors' service agreements

It is the Company's policy that executive directors have rolling service contracts.

The current executive directors' service contracts contain the key terms shown in the table below:

#### Service contract key terms by provision

Provision	Detailed terms
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>– base salary, pension and benefits</li> <li>– car benefit</li> <li>– family private health insurance</li> <li>– life assurance</li> <li>– financial planning advice</li> <li>– minimum of 25 days' paid annual leave</li> <li>– participation in the annual bonus plan, subject to plan rules</li> <li>– participation in the LTIP, subject to plan rules</li> </ul>
<b>Change of control</b>	<ul style="list-style-type: none"> <li>– no special contractual provisions apply in the event of a change of control</li> </ul>
<b>Notice period</b>	<ul style="list-style-type: none"> <li>– 12 months' notice from the Company</li> <li>– 6 months' notice from the director (12 months from Dominic Blakemore)</li> </ul>
<b>Termination payment</b>	<p>Payment in lieu of notice equal to 12 months:</p> <ul style="list-style-type: none"> <li>– base salary</li> <li>– pension supplement</li> <li>– 10% of base salary in respect of benefits</li> </ul> <p>All of the above would be paid in monthly instalments, subject to an obligation on the part of the director to mitigate their loss such that payments will either reduce, or cease completely, in the event that the director gains new employment/ remuneration</p>
<b>Restrictive covenants</b>	<ul style="list-style-type: none"> <li>– during employment and for 12 months after leaving</li> </ul>

The historic policy on the payment of bonus on termination, which was in place prior to June 2008, was the provision of a payment, at par or target, of bonus in respect of the notice period, where the Company exercised its right to make a payment in lieu of notice. Gary Green's service contract is based on this historic policy. When introducing the revised policy in June 2008 and after careful consideration, the Committee concluded that it was not in shareholders' interests to migrate such contracts onto the amended policy. Service contracts for Dominic Blakemore and Palmer Brown fully comply with the policy in effect from June 2008. All executive directors' service contracts impose a clear obligation to mitigate such payment should a departing executive director take on new employment or receive alternative remuneration.

Gary Green's service contract was entered into before 27 June 2012 and it has not been renewed on or after that date. Consequently, remuneration payments or payments for loss of office that are required to be made under Gary Green's contract are not required to be consistent with the current Policy.

The Company may also pay for reasonable costs in relation to termination of employment, for example tax, legal and outplacement support, where appropriate.

Whilst unvested share awards will normally lapse, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date, or for vesting to be accelerated (for example on death), subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis, unless the Committee determines otherwise. Any such discretion in respect of leavers would only be applied by the Committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to performance prior to the date of leaving. The malus and clawback provisions would continue to apply in the event that any such discretion was exercised.

The executive directors in office at the date of this DRR have served on the Board for the periods shown below and have service agreements dated as follows:

Executive director	Date of contract	Length of Board service as at 30 Sep 2022
Dominic Blakemore	12 Dec 2011 7 Nov 2017 <sup>1</sup>	10 years, 7 months
Gary Green	29 Dec 2006 27 Nov 2007 <sup>2</sup>	15 years, 9 months
Palmer Brown <sup>3</sup>	3 Oct 2021	1 year, 0 months

1. Appointment was formally revised from 1 October 2017.

2. Appointment was formally revised from 1 November 2007.

3. Appointed to the Board on 4 October 2021.

## Chair of the Board

The fee for the Chair of the Board (Chair) is reviewed annually by the Committee with any increase normally taking effect on 1 October. The Chair is not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business travel are reimbursed. The Chair's appointment is terminable without compensation on six months' notice from either side.

Ian Meakins has a letter of engagement dated 17 August 2020 in respect of his original appointment as a non-executive director, for a period of three years from 1 September 2020, and his subsequent appointment as Chair. Ian succeeded Paul Walsh as Chair on 1 December 2020. The fee paid to Ian Meakins for the year ended 30 September 2022 is set out on page 104.

## Non-executive directors' remuneration

The fees for the non-executive directors are reviewed and determined by the Board each year to reflect appropriate market conditions and may be increased if considered appropriate. All non-executive directors receive a base fee. Additional fees are payable for other Board duties and time commitments, including acting as Chair of the Audit, Remuneration or Corporate Responsibility Committee, and undertaking the role of Senior Independent Director (SID). An additional fee may be payable for the role of Designated Non-executive director for workforce engagement. Non-executive directors are not eligible for pension scheme membership, bonus, incentive arrangements or other benefits, save reimbursement of travel costs and associated tax due if applicable. Fees paid for the year ended 30 September 2022 are set out on page 105.

Non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable at three year intervals by mutual consent. In accordance with the Code, all directors offer themselves for annual re-election by shareholders. Details of the appointments of non-executive directors (in office at the date of this DRR) which are terminable without compensation are set out in the table opposite, together with the dates on which their appointments have been formally revised.

Non-executive director	Original date of appointment	Letter of engagement <sup>1</sup>	Total length of service as at 30 Sep 2022
Carol Arrowsmith	1 Jun 2014	14 May 2014 8 Mar 2017 <sup>1</sup> 19 Mar 2020 <sup>1</sup>	8 years, 4 months
Stefan Bornhard	5 May 2016	5 May 2016 13 Mar 2019 <sup>1</sup> 17 Mar 2022 <sup>1</sup>	6 years, 4 months
John Bryant	1 Sep 2018	17 May 2018 12 May 2021 <sup>1</sup>	4 years, 1 month
Arlene Isaacs-Lowe <sup>2</sup>	1 Nov 2021	22 Oct 2021	0 years, 11 months
Ian Meakins	1 Sep 2020	17 Aug 2020	2 years, 1 month
Anne-Francoise Nesmes	1 Jul 2018	17 May 2018 12 May 2021 <sup>1</sup>	4 years, 3 months
Sundar Raman <sup>3</sup>	1 Jan 2022	22 Oct 2021	0 years, 9 months
Nelson Silva	16 Jul 2015	16 Jul 2015 8 Mar 2018 <sup>1</sup> 19 Mar 2021 <sup>1</sup>	7 years, 2 months
Ireema Vittal	16 Jul 2015	16 Jul 2015 8 Mar 2018 <sup>1</sup> 19 Mar 2021 <sup>1</sup>	7 years, 2 months

1. Date on which appointment was formally revised.

2. Appointed to the Board on 1 November 2021.

3. Appointed to the Board on 1 January 2022.

# ANNUAL REMUNERATION REPORT

## Implementation of the 2022 Policy during the year ended 30 September 2022

### Directors' single total figure of remuneration

The table below sets out in a single figure the total amount of remuneration, including each element, received by each of the executive directors in office for the year ended 30 September 2022.

	Dominic Blakemore		Palmer Brown <sup>5,6</sup>		Gary Green <sup>6</sup>		Karen Witten <sup>5</sup>	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
<b>Fixed pay</b>								
Base salary	<b>1,034</b>	1,000	<b>752</b>	—	<b>1,200</b>	1,084	<b>56</b>	674
Taxable benefits <sup>1</sup>	<b>59</b>	50	<b>250</b>	—	<b>67</b>	93	<b>12</b>	28
Pension	<b>116</b>	162	<b>51</b>	—	<b>249</b>	327	<b>8</b>	110
<b>Total fixed pay</b>	<b>1,209</b>	1,212	<b>1,053</b>	—	<b>1,516</b>	1,504	<b>76</b>	812
<b>Performance related pay</b>								
Bonus <sup>2</sup>	<b>2,090</b>	1,999	<b>1,138</b>	—	<b>1,822</b>	1,620	<b>84</b>	1,010
LTIP <sup>3</sup>	—	—	—	—	—	—	—	—
Restricted shares <sup>4</sup>	—	—	—	—	—	—	—	163
Total long term incentives	—	—	—	—	—	—	—	163
<b>Total variable pay</b>	<b>2,090</b>	1,999	<b>1,138</b>	—	<b>1,822</b>	1,620	<b>84</b>	1,013
<b>Single total figure of remuneration</b>	<b>3,299</b>	3,211	<b>2,191</b>	—	<b>3,338</b>	3,124	<b>160</b>	1,985

1. Taxable benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit. Palmer Brown relocated from the US to the UK prior to his appointment as Group CFO and during 2021-2022 received benefits relating to his ongoing assignment costs which are included in this figure.
2. In line with the 2022 Remuneration Policy, the 2021-2022 bonus for executive directors was paid in cash. Details of the performance achieved is shown on pages 101 to 102.
3. The LTIP award due to vest on 21 November 2022 lapsed in full as the performance conditions were not met. Details of the performance measures and performance achieved are shown on page 104.
4. Karen Witten was granted a restricted share award in recognition of awards forfeited at her previous employer. The 2021 figure has been updated to show the actual value of the vested award based on the share price of £15.28 at vesting in December 2021. None of the value is attributable to share price appreciation.
5. The base salary, taxable benefits and pension figures for Palmer Brown and Karen Witten for 2021-2022 are prorated for their time in office during the year.
6. Palmer Brown and Gary Green's base salary and other emoluments for the same period are shown in sterling at an exchange rate of \$1.2785/£1 (2021: \$1.3653/£1).

### Base salary

The annual rate of base salary for each executive director for the year ended 30 September 2022 is set out below:

Director	Base salary	Effective date	Increase	Reason
Dominic Blakemore	£1,045,000	1 January 2022	4.5%	The Committee reviewed base salaries in the context of the Group's strong performance in the year, its relative market positioning when measured against companies of appropriate size, scale and complexity and also took into account the average salary increase in the wider population. The base salary increase percentage for each executive director was lower than the average percentage increase for the wider UK population.
Palmer Brown	\$970,000	1 January 2022	—	
Gary Green	\$1,552,870	1 January 2022	4.5%	

## Pensions

At 30 September 2022, there were no executive directors actively participating in any Compass Group defined benefit pension arrangements and none of the executive directors were accruing additional entitlements to benefits under any arrangements that existed prior to their appointment as executive directors.

Under the 2022 Policy, the allowance receivable by the executive directors is being reduced on a phased basis such that, by 31 December 2022, it will be aligned with the maximum contribution available to the majority of employees in the UK wider workforce, currently 6%. Palmer Brown is eligible to receive a pension cash allowance of 6% of base salary in line with the 2022 Policy. During the year, the pension cash allowance for Dominic Blakemore and Gary Green reduced as set out below:

Director	Pension cash allowance effective 1 Oct 2021	Pension cash allowance effective 1 Jan 2022	Average pension cash allowance received during the year
Dominic Blakemore	15%	10%	11.25%
Gary Green	28%	18%	20.50%

## Annual bonus plans

### 2021-2022 bonus

The bonus targets and outcomes for the year ended 30 September 2022 are set out below. The achievement of targets is calculated on a straight-line basis between Minimum and Target (par) and between Target and Maximum, and by reference to budgeted exchange rates.

As was the case in previous years, the measurement of the achievement of the financial results is based on the underlying outcome achieved in the financial year, with gains/losses attributable to currency movements, charges and the impacts of restructuring and/or acquisitions/disposals usually being excluded.

### 2021-2022 bonus structure, performance measures, targets and outcomes

#### Structure

The bonus plan for 2021-2022 was designed to align the plan to the Group's recovery strategy and to establish targets that were achievable, fair and within management's control.

The bonus structure for 2021-2022 is set out below:

Measure <sup>1</sup>	Description of measure	Weighting
Operating margin	operating margin (%): this demonstrates the efficiency of the Group's operations in delivering great food and support services. The operating margin can be managed to reflect the revenue level, and is therefore a more appropriate measure in a period where volumes and revenues are difficult to predict	50%
Cash conversion	cash conversion (%): this demonstrates the Group's ability to convert profit into cash – by setting a target percentage of profit to be converted to cash. Regardless of absolute profit, it aims to ensure a certain conversion rate is achieved and incorporates key levers under management control	20%
Absolute revenue	absolute revenue: this embodies the Group's success in growing and retaining its customer base, as well as the Group's ability to drive volumes in its existing business and maintain appropriate pricing levels that take into account input cost inflation	20%
HSE <sup>2</sup>	HSE measures equate to 10% of the plan, emphasising the Group's commitment to its health and safety culture	10%
<b>Total</b>		<b>100%</b>

1. All measures are assessed at a Group level with the exception of the bonus for Gary Green where all measures (save for 5% of Group operating margin) are measured by reference to regional North America performance.

2. The HSE measures are Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR), weighted equally.

## ANNUAL REMUNERATION REPORT CONTINUED

## Performance measures and targets

When determining the performance measures and targets for the 2021-2022 bonus plan, the Committee concluded in the context of the Group's continued recovery that a return to the pre-COVID practice of setting full-year targets, was appropriate. The outcomes against the targets are set out below:

## Dominic Blakemore, Palmer Brown and Karen Witts

Measures <sup>1</sup>	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin <sup>2</sup>	50%	5.54%	5.84%	6.14%	6.15%
Group absolute revenue <sup>3</sup>	20%	£19,989m	£20,822m	£21,655m	£24,832m
Group cash conversion <sup>4</sup>	20%	72.59%	77.59%	82.59%	83.96%
Group HSE improvement	Weighting		Limit		Achieved
Lost Time Incident Frequency Rate	5%		2.79		2.27
Food Safety Incident Rate	5%		0.24		0.14

## Gary Green

Measures <sup>1</sup>	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin <sup>2</sup>	5%	5.54%	5.84%	6.14%	6.15%
Regional operating margin <sup>5</sup>	45%	6.40%	6.70%	7.00%	7.25%
Regional absolute revenue <sup>6</sup>	20%	£12,429m	£12,825m	£13,222m	£16,002m
Regional cash conversion <sup>7</sup>	20%	76.77%	81.77%	86.77%	92.49%
North America HSE improvement	Weighting		Limit		Achieved
Lost Time Incident Frequency Rate	5%		4.20		3.85
Food Safety Incident Rate	5%		0.11		0.03

Measures <sup>1</sup>	Dominic Blakemore % of performance target achieved	Palmer Brown % of performance target achieved	Gary Green % of performance target achieved	Karen Witts <sup>8</sup> % of performance target achieved
Group operating margin <sup>2</sup>	50/50	50/50	5/5	50/50
Group absolute revenue <sup>3</sup>	20/20	20/20	—	20/20
Group cash conversion <sup>4</sup>	20/20	20/20	—	20/20
Regional operating margin <sup>5</sup>	—	—	45/45	—
Regional absolute revenue <sup>6</sup>	—	—	20/20	—
Regional cash conversion <sup>7</sup>	—	—	20/20	—
HSE	10/10	10/10	10/10	10/10
<b>Total</b>	100/100	100/100	100/100	100/100

Value of bonus	Dominic Blakemore	Palmer Brown	Gary Green	Karen Witts <sup>8</sup>
	£2,090,000	\$1,455,000	\$2,329,305	£84,250

## Notes to bonus table:

1. Financial targets for 2021-2022 bonus purposes are all set and measured at 2022 foreign exchange budget rates not actual rates.
2. Group operating margin is based on the absolute underlying revenue and underlying operating profit.
3. Group absolute revenue is the absolute underlying revenue for the Group.
4. Group cash conversion is the underlying cash flow expressed as a percentage of the underlying operating profit for the Group.
5. Regional operating margin is based on the absolute underlying revenue and underlying operating profit for the North America business.
6. Regional absolute revenue is the absolute underlying revenue for the North America business.
7. Regional cash conversion is the underlying cash flow expressed as a percentage of the underlying operating profit for the North America business.
8. Karen Witts was entitled to a bonus for the period 1 October 2021 to 31 October 2021.

## Long term incentive awards

### Scheme interests awarded during the year

#### 2021-2022 LTIP award

During the year ended 30 September 2022, executive directors received a conditional award of shares which may vest after a three year performance period which will end on 30 September 2024, based on the achievement of stretching performance conditions. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. The maximum levels achievable under these awards are set out in the table below:

Director	Type of award	Value of award (as a % of base salary) <sup>1</sup>	Value of award £000	Number of shares awarded <sup>2</sup>
Dominic Blakemore	LTIP 2018	400%	4,180	241,385
Palmer Brown	LTIP 2018	350%	2,512 <sup>3</sup>	145,040
Gary Green	LTIP 2018	350%	4,021 <sup>3</sup>	232,195

1. Value of award calculated by reference to base salary at date of grant.

2. The share price used to calculate the award was the average closing market price of the three trading days prior to the grant date of 8 February 2022, being £17.32.

3. Face value of award was converted to sterling at the time of award at an exchange rate of \$1.3517/£1.

Executive directors are required to hold vested awards for a period of two years following vesting so as to strengthen the long-term alignment of executives' remuneration packages with shareholders' interests and, if required, to facilitate the implementation of provisions related to clawback. For awards granted after 4 February 2021 a two-year post-employment shareholding requirement also applies.

In setting the performance targets, the Committee considers internal budgets and the Group's strategic plan, market expectations and general economic conditions.

## ROCE and AFCF targets

Level of performance	Vesting % of each component	ROCE	AFCF
Threshold	0%	17.05%	£2,570m
Par (target)	50%	17.55%	£2,705m
Maximum	100%	18.05%	£2,840m

## TSR target

Level of performance	Vesting % of each component
Below median	0%
Median	25%
Upper quartile	100%

### Definition of measure

**ROCE** The definition aims to measure the underlying economic performance of the Group. ROCE is calculated at the end of the three-year performance period as net underlying operating profit after tax (NOPAT) divided by 12 month average capital employed. ROCE targets are updated at the end of the performance period to reflect actual acquisition spend, changes in accounting standards and constant currency.

**Adjusted FCF** The definition aims to measure the cash generation of the Group and is calculated as the three-year cumulative underlying FCF adjusted for constant currency.

**TSR** Performance is compared to that of constituent members of the FTSE 100 (excluding the financial services sector). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three-year performance period).

## ANNUAL REMUNERATION REPORT CONTINUED

**Scheme interests vesting during the year****2019-2020 LTIP award**

Awards were made to Dominic Blakemore, Gary Green and Karen Wiggs in 2019-2020, which were subject to achievement of three-year performance targets for the year ended 30 September 2022. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. The targets and outcomes are set out below:

**ROCE target**

Level of performance	Threshold	Maximum	Achieved
Vesting % of component	0%	100%	0%
As at date of award	17.39%	18.34%	—
Reconciled at the end of the performance period <sup>1</sup>	17.74%	18.72%	14.6%

**AFCF target**

Level of performance	Threshold	Maximum	Achieved
Vesting % of each component	0%	100%	0%
AFCF	£2,776m	£3,068m	£2,046m

**TSR target**

Level of performance	Below median	Median	Upper quartile	Achieved <sup>2</sup>
Vesting % of each component	0%	25%	100%	0%

1. ROCE targets are updated at the end of the performance period to reflect actual acquisition spend, changes in accounting standards and constant currency.

2. TSR ranking was 48th out of the 76 constituents in the comparator group.

The Committee applied the established framework to deal with items that were unforeseen at the time the targets were set in 2019-2020 and which were in the long term interests of shareholders. None of the performance measures were met at the end of the three-year performance period, such that the LTIP awards made in the 2019-2020 year lapsed in full. Details of awards held for each executive director are set out below:

Director	Number of shares awarded	Number of shares lapsed	Value of shares on vesting £000
Dominic Blakemore	152,700	152,700	0
Gary Green	146,385	146,385	0
Karen Wiggs	86,135	86,135	0

**Non-executive directors' remuneration**

The fee for the Chair of the Board is reviewed annually by the Committee with any increase taking effect on 1 October. For the year ended 30 September 2022 the fee paid was £537,500 per annum inclusive of any Board committee memberships. The fee paid for the year ended 30 September 2021 was prorated to reflect Ian Meakins' time as Chair.

Details of amounts received by Ian Meakins in his role as Chair of the Board during the year ended 30 September 2022 are shown below:

Chair	Fees £000	Benefits £000	Total 2022 £000	Total 2021 £000
Ian Meakins	538	—	538	438

The fees for the non-executive directors are reviewed and determined by the Board each year to reflect appropriate market conditions. The base fee paid to non-executive directors for the year ended 30 September 2022 was £90,000 which includes membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees (as appropriate).

An additional fee of £30,000 per annum is payable where a non-executive director acts as Chair of the Audit, Remuneration or Corporate Responsibility Committee and an additional fee of £30,000 per annum is also payable to the director nominated as SID.

Details of the amounts received by each of the non-executive directors in office for the year ended 30 September 2022 are set out below:

Non-executive director	Fees £000	Benefits <sup>1</sup> £000	Total 2022 £000	Total 2021 £000
Carol Arrowsmith	120	—	<b>120</b>	118
John Bason <sup>2</sup>	31	—	<b>31</b>	109
Stefan Bomhard	90	1	<b>91</b>	88
John Bryant <sup>2</sup>	120	2	<b>122</b>	108
Arlene Isaacs-Lowe <sup>3</sup>	83	3	<b>86</b>	—
Ian Meakins <sup>4</sup>	—	—	—	15
Anne-Francoise Nesmes <sup>2</sup>	120	—	<b>120</b>	108
Sundar Raman <sup>3</sup>	68	—	<b>68</b>	—
Nelson Silva	120	2	<b>122</b>	118
Ireema Vittal	90	—	<b>90</b>	88

1. Travel costs relating to attending Board meetings held in the UK are treated as a benefit.
2. During 2020-2021 John Bason stepped down as the SID and Chair of the Audit Committee and as a member of the Remuneration and Audit Committees at the conclusion of the 2021 AGM. He was succeeded by John Bryant as SID and Anne-Francoise Nesmes as Chair of the Audit Committee from that date, and their respective fees for the 2020-2021 year reflect these changes. John Bason retired from the Board at the conclusion of the 2022 AGM and his fees for 2021-2022 reflect his time in office.
3. Arlene Isaacs-Lowe and Sundar Raman were appointed to the Board during 2021-2022 on 1 November 2021 and 1 January 2022 respectively and their fees reflect their time in office.
4. Ian Meakins was appointed to the Board and the Nomination and Corporate Responsibility Committees on 1 September 2020. He succeeded Paul Walsh as Chair of the Board on 1 December 2020. Fees paid to Ian Meakins as a non-executive director during 2020-2021 reflect the period 1 October 2020 to 30 November 2020. Fees paid to Ian in respect of 2020-2021 and 2021-2022 as Chair of the Board are set out on page 104.

### Implementation of the Remuneration Policy for the 2022-2023 financial year

A summary of how the Directors' Remuneration Policy will be applied during the 2022-2023 financial year is set out below.

#### Base salary

The Committee considered salary reviews of executive directors holistically, taking into account the macroeconomic environment, cost of living and inflationary challenges faced by the business and our employees. The Committee also reviewed base salaries in the context of the Group's strong performance in the year, along with our relative market positioning when measured against companies of appropriate size, scale and complexity. Salary increase budgets for the wider employee population were taken into consideration and the Committee determined that the base salary increase percentage for each executive director would be lower than the average percentage increase for the wider UK population.

The base salaries for the executive directors with effect from 1 January 2023, as determined by the Committee, are set out in the table below.

Director	With effect from 1 January 2023	Effective from 1 January 2022	% change
Dominic Blakemore	<b>£1,095,000</b>	£1,045,000	4.78%
Palmer Brown	<b>\$1,016,500</b>	\$970,000	4.79%
Gary Green	<b>\$1,626,870</b>	\$1,552,870	4.77%

## ANNUAL REMUNERATION REPORT CONTINUED

**Pension**

In line with the Remuneration Policy, the pension cash allowance for each executive director is being reduced on a phased basis to align with the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary). The details of this phased reduction for each executive director is shown in the table below.

Director	Effective 1 Jan 2022	Effective 31 Dec 2022
Dominic Blakemore	10%	6%
Gary Green	18%	6%

Palmer Brown is eligible to receive a pension cash allowance of 6% of base salary in line with the 2022 Policy.

**Annual bonus plan**

For the 2022-2023 financial year, the maximum bonus opportunities for each executive director will be in line with the Remuneration Policy, as shown in the table below:

Director	% salary
Dominic Blakemore	200%
Palmer Brown	150%
Gary Green	150%

The construct of the 2022-2023 plan broadly remains the same as the previous plan year, with two amendments. To reflect the recovery of revenue to the pre-pandemic level as the business transitions to a growth phase, the plan will revert to back to organic revenue growth, (previously absolute revenue for 2020-2021 and 2021-2022).

An additional ESG measure, based on food waste, will be added to the current HSE measures. One of the most impactful ways to prevent climate change is to reduce food waste. Food waste is a key contributor towards carbon emissions and reducing this also has a high correlation with operating margin improvement. We have established that by raising awareness through measurement we will drive a significant reduction in food waste. This approach will also help us meet our Science Based Targets initiative (SBTi) targets and complement our work, in partnership with our clients and suppliers, to halve food waste by 2030. The food waste measure will be weighted at 5% of bonus opportunity, with a corresponding reduction in the weighting of the operating margin measure. The total weighting for ESG measures, including FSIR and LTIFR, will be 15%, (previously 10%).

The measures and weightings will be as follows:

Measure <sup>1</sup>	Description of measure	Weighting
Operating margin	operating margin (%): this demonstrates the efficiency of the Group's operations in delivering great food and support services	45%
Cash conversion	cash conversion (%): this demonstrates the Group's ability to convert profit into cash – by setting a target percentage of profit to be converted to cash	20%
Organic revenue growth	organic revenue growth (%): Organic revenue growth compares the revenue delivered from continuing operations in the current year with that from the prior year, adjusting for the impact of acquisitions, disposals and exchange rate movements	20%
ESG <sup>2</sup>	Environmental, Social and Governance (ESG): emphasising the Group's commitment to its health and safety culture, and the impact of reducing food waste on climate change	15%
<b>Total</b>		<b>100%</b>

1. All measures are assessed at Group level with the exception of the bonus for Gary Green where all measures (save for 5% of Group operating margin) are measured by reference to regional North America performance.

2. The ESG measures are Lost Time Incident Frequency Rate (LTIFR), Food Safety Incident Rate (FSIR) and food waste, weighted equally.

The Committee has chosen not to disclose the details of the targets in this DRR, as it is the opinion of the Committee they are commercially sensitive. However, the specific targets and the extent to which the targets have been met (both at Group and regional levels) will be disclosed in next year's DRR.

### Long-term incentive plan award

The Committee intends to grant LTIP awards to the executive directors during the financial year 2022-2023, with award levels in line with the 2022 Policy, as shown in the following table:

Director	% salary
Dominic Blakemore	400%
Palmer Brown	350%
Gary Green	350%

The extent to which these LTIP awards will vest will be dependent on performance assessed over the three financial years 2022-2025, using the following three performance measures, and with targets as shown in the table below.

#### Definition measure

**ROCE** The definition aims to measure the underlying economic performance of the Group. ROCE is calculated at the end of the three-year performance period as net underlying operating profit after tax (NOPAT) divided by 12 month average capital employed. ROCE targets are updated at the end of the performance period to reflect actual acquisition spend, changes in accounting standards and constant currency.

**Adjusted FCF** The definition aims to measure the cash generation of the Group and is calculated as the three-year cumulative underlying FCF adjusted for constant currency.

**TSR** Performance is compared to that of constituent members of the FTSE 100 (excluding the financial services sector). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three-year performance period).

Measure	Weighting (% of award)	Threshold	Par (target)	Maximum
<b>Return On Capital Employed (ROCE)</b>	40%	17.33%	17.83%	18.33%
Vesting (of this component)		0%	50%	100%
<b>Adjusted Free Cash Flow (AFCF)</b>	40%	£2,897m	£3,049m	£3,201m
Vesting (of this component)		0%	50%	100%
<b>Relative Total Shareholder Return (TSR)</b>	20%	Median	–	Upper quartile
Vesting (of this component)		25%	–	100%

There is no vesting for below threshold performance and straight-line vesting between points shown.

In line with the Policy, executive directors are required to hold vested awards for a period of two years following vesting so as to strengthen the long-term alignment of executives' remuneration packages with shareholders' interests; and, if required, to facilitate the implementation of provisions related to clawback. For awards granted after 4 February 2021 a two-year post-employment shareholding requirement applies.

### Non-executive director fees

The fees for non-executive directors for financial year 2022-2023 are set out below. Following a review of the market, the fee for the Chair was increased from £537,500 to £562,500 (4.65%) with effect from 1 October 2022. The base fee for non-executive directors was increased from £90,000 to £94,000 (4.44%) also with effect from 1 October 2022. The additional fees for acting as Chair of a committee or as the Senior Independent Director remain unchanged.

	Fees 2023 £000	Fees 2022 £000
Chair	563	538
Base fee <sup>1</sup>	94	90
Chair of Audit, Remuneration or Corporate Responsibility Committee	30	30
Senior Independent Director	30	30

1. The Non-executive director base fee is inclusive of the membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees (as appropriate).

## ANNUAL REMUNERATION REPORT CONTINUED

**Extant equity incentive awards held by executive directors**

Details of all existing equity incentive awards as at the date of this DRR, including the awards conditionally made under the long term incentive plans to the executive directors at any time during the year ended 30 September 2022, are shown in the table below:

**LTIP<sup>1</sup>**

Director	As at 30 Sep 2021: number of shares	Awarded during the year: number of shares	Released during the year: number of shares	Lapsed during the year: number of shares	As at 30 Sep 2022: number of shares	Market price at date of award: <sup>5</sup> £	Date of award	Maturity date
Dominic Blakemore	161,385	—	—	161,385 <sup>4</sup>	—	16.73	21 Nov 2018	1 Oct 2021
	152,700	—	—	—	152,700	19.16	27 Nov 2019	1 Oct 2022
	195,907	—	—	—	195,907	13.78	1 Dec 2020	1 Oct 2023
	—	241,385	—	—	241,385	17.60	8 Feb 2022	1 Oct 2024
<b>Total</b>	<b>509,992</b>	<b>241,385</b>	<b>—</b>	<b>161,385</b>	<b>589,992</b>			
Palmer Brown <sup>2</sup>	—	145,040	—	—	145,040	17.60	8 Feb 2022	1 Oct 2024
<b>Total</b>	<b>—</b>	<b>145,040</b>	<b>—</b>	<b>—</b>	<b>145,040</b>			
Gary Green	162,810	—	—	162,810 <sup>4</sup>	—	16.73	21 Nov 2018	1 Oct 2021
	146,385	—	—	—	146,385	19.16	27 Nov 2019	1 Oct 2022
	181,939	—	—	—	181,939	13.78	1 Dec 2020	1 Oct 2023
	—	232,195	—	—	232,195	17.60	8 Feb 2022	1 Oct 2024
<b>Total</b>	<b>491,134</b>	<b>232,195</b>	<b>—</b>	<b>162,810</b>	<b>560,519</b>			
Karen Witts <sup>3</sup>	120,880	—	—	120,880 <sup>4</sup>	—	17.78	16 May 2019	1 Oct 2021
	86,135	—	—	—	86,135	19.16	27 Nov 2019	1 Oct 2022
	110,034	—	—	—	110,034	13.78	1 Dec 2020	1 Oct 2023
<b>Total</b>	<b>317,049</b>	<b>—</b>	<b>—</b>	<b>120,880</b>	<b>196,169</b>			

**Deferred Annual Bonus Award**

Director	As at 30 Sep 2021: number of shares	Awarded during the year: number of shares	Released during the year: number of shares	Lapsed during the year: number of shares	As at 30 Sep 2022: number of shares	Market price at date of award: <sup>5</sup> £	Date of award	Maturity date
Palmer Brown <sup>2</sup>	—	20,243	—	—	20,243	15.08	15 Dec 2021	15 Dec 2024
<b>Total</b>	<b>—</b>	<b>20,243</b>	<b>—</b>	<b>—</b>	<b>20,243</b>			
Karen Witts <sup>3</sup>	6,784	—	—	—	6,784	18.37	12 Dec 2019	12 Dec 2022
	—	22,138	—	—	22,138	15.08	15 Dec 2021	15 Dec 2024
<b>Total</b>	<b>6,784</b>	<b>22,138</b>	<b>—</b>	<b>—</b>	<b>28,922</b>			

**Restricted Share Award (RSA)**

Director	As at 30 Sep 2021: number of shares	Awarded during the year: number of shares	Released during the year: number of shares	Lapsed during the year: number of shares	As at 30 Sep 2022: number of shares	Market price at date of award: <sup>5</sup> £	Date of award	Maturity date
Karen Witts <sup>3</sup>	21,366	—	10,683	10,683	—	17.78	16 May 2019	1 Jul 2021
<b>Total</b>	<b>21,366</b>	<b>—</b>	<b>10,683</b>	<b>10,683</b>	<b>—</b>			

1. Each LTIP award is based on a three-year performance period. Awards granted from 4 February 2021 onwards are subject to a two-year post-employment holding period.
2. At the date of his appointment, Palmer Brown had an interest in 137,026 LTIP awards that were granted to him prior to him becoming a director of the Company. On 23 November 2021 and 14 December 2021, 29,082 and 7,008 shares respectively were released. Concurrent with these releases, he sold 13,040 shares and 3,144 shares at £14.55 per share and £15.2842 per share respectively to cover tax and social security obligations, and retained the balance of the shares. A further 42,540 shares granted to Palmer prior to his appointment to the Board, are due to vest in November and December 2022. Subsequent to his appointment to the Board, Palmer was granted 165,283 shares of which 20,243 shares were granted as a deferred bonus award.
3. Of the 120,880 LTIP awards granted to Karen Witts on 16 May 2019, 28,110 were in respect of the agreed buyout arrangement for awards forfeited in her former employment. The award lapsed in full. The awards granted to Karen Witts under the Karen Witts Restricted Share Award Plan on 16 May 2019 were granted in recognition of awards forfeited at her previous employer. The final tranche (21,366 shares) vested as follows in respect of the financial underpins: 50% (10,683 shares) vested in respect of the net debt to EBITDA ratio and the remaining 50% lapsed. Vested shares under this award are not subject to a further holding period.
4. The performance period of the award granted on 21 November 2018 came to an end on 30 September 2021. None of the threshold performance conditions were met and the award lapsed in full.
5. The market price at the date of each award is shown to two decimal places.

## Share ownership guidelines and directors' interests in shares

In order that their interests are aligned with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company as set out in the share ownership guidelines as described in the Policy on page 96. The required level of shareholding is expected to be achieved within a five-year period, commencing from the date of appointment or date of increase in shareholding requirement, whichever is the later. Compliance is assessed on a pro-rata basis during the five-year period.

The Committee reviewed and noted that the guidelines were satisfied by all directors in office during the year. The interests of the directors in office during the year ended 30 September 2022 in shares (including the interests of Persons Closely Associated) and share incentives are shown in the table below:

		Beneficial		Conditional		Shareholding required <sup>2</sup>	Compliance with share ownership guidelines <sup>3</sup>
		Shares held as at 30 Sep 2022 <sup>1</sup>	Shares held as at 30 Sep 2021	LTIP/RSA holdings as at 30 Sep 2022 <sup>1</sup>	LTIP/RSA holdings as at 30 Sep 2021		
Executive directors	Dominic Blakemore	<b>276,789</b>	276,789	<b>589,992</b>	509,992	400%	✓
	Palmer Brown <sup>4</sup>	<b>19,906</b>	—	<b>266,219</b>	137,026	350%	✓
	Gary Green	<b>275,560</b>	275,560	<b>560,519</b>	491,134	350%	✓
	Karen Witts	<b>27,762</b>	27,762	<b>225,091</b>	345,199	250%	✓
Non-executive directors	Carol Arrowsmith	<b>13,083</b>	12,916	—	—	100%	✓
	John Bason	<b>21,658</b>	21,658	—	—	100%	✓
	Stefan Bomhard	<b>10,743</b>	10,743	—	—	100%	✓
	John Bryant	<b>15,781</b>	15,781	—	—	100%	✓
	Arlene Isaacs-Lowe	<b>2,500</b>	—	—	—	100%	✓
	Ian Meakins	<b>58,362</b>	58,362	—	—	100%	✓
	Anne-Francoise Nesmes	<b>11,907</b>	11,907	—	—	100%	✓
	Sundar Raman	<b>5,030</b>	—	—	—	100%	✓
	Nelson Silva	<b>10,323</b>	10,323	—	—	100%	✓
	Ireena Vittal	<b>5,461</b>	5,350	—	—	100%	✓

1. Shares held at 30 September 2022 or the date of leaving. Arlene Isaacs-Lowe and Sundar Raman were appointed to the Board on 1 November 2021 and 1 January 2022 respectively. John Bason retired from the Board at the conclusion of the 2022 AGM. Karen Witts stepped down as Group CFO on 31 October 2021.

2. As a percentage of base salary or fee.

3. Under the current share ownership guidelines executive directors are required to achieve the percentage shareholding shown in the table above within a five-year period commencing on the date of appointment or date of increase in shareholding requirement, whichever is the later. For the current executive directors the guideline changed on 3 February 2022 and, as such, they have five years from that date to comply. Compliance is assessed annually on a pro-rata basis.

Non-executive directors are required to achieve the percentage shareholding shown in the table above within a four-year period.

4. Palmer Brown's LTIP holding includes 20,243 Deferred Bonus Award shares and 100,936 LTIP shares granted prior to his appointment as a director, of which 42,540 shares are due to vest in November and December 2022. Palmer will retain the net number of vested shares following the sale of sufficient shares to cover the income tax and social security obligations due on vesting.

There were no changes in directors' interests between 30 September 2022 and 21 November 2022.

## Director and role changes during the year

John Bason retired from the Board on 3 February 2022 at the conclusion of the 2022 AGM. Other than the fees and expenses payable to John for the period up to 3 February 2022, no payment was made to him in connection with him ceasing to be a director of the Company.

Karen Witts stepped down from the Board on 31 October 2022. Palmer Brown was appointed as Group CFO designate on 4 October 2021 and became Group CFO on 1 November 2021.

Arlene Isaacs-Lowe and Sundar Raman were appointed to the Board on 1 November 2021 and 1 January 2022 respectively.

## Payments to past directors

### Karen Witts

Karen Witts stepped down from the Board of Compass Group PLC on 31 October 2021. A statement to this effect was prepared pursuant to Section 430(2B) of the CA 2006 and can be found on the Company's website, [www.compass-group.com](http://www.compass-group.com).

In line with the current Policy, Karen received her base salary, pension cash allowance and benefits to 31 October 2021, details of which are included in the single figure table on page 100. She remained an employee of the Company on her existing terms of employment until 8 June 2022. As an employee, Karen continued to be paid a salary and receive her existing benefits through to that date. On 9 June 2022, Karen was appointed a director of Dunelm plc and ceased to be employed by Compass. In accordance with her contractual terms, as the new full-time employment did not fully mitigate her position, she continued to be eligible for payments in lieu of her unserved notice period from (9 June 2022 to 30 September 2022), subject to an offset for the salary and pension allowance she received from her new employer in that period.

Karen was entitled to a prorated bonus for that part of the 2021-2022 financial year for which she served as Group CFO details of which can be found in the single figure table.

Karen's share awards under the Company's Long Term Incentive Plan (LTIP) are preserved in accordance with the 'good leaver' provisions of the plan, subject to achievement of the relevant performance conditions and a time prorating adjustment, and in accordance with the Policy are subject to a two-year post-vest holding period. Her deferred bonus awards are also preserved in accordance with the 'good leaver' provisions and will vest in full. Information relating to the vesting of shares under the LTIP can be found on page 104.

## ANNUAL REMUNERATION REPORT CONTINUED

The Company made a contribution towards Karen's legal fees of £13,000 plus VAT.

### Payments for loss of office

There were no payments for loss of office during the year.

### External non-executive director appointments

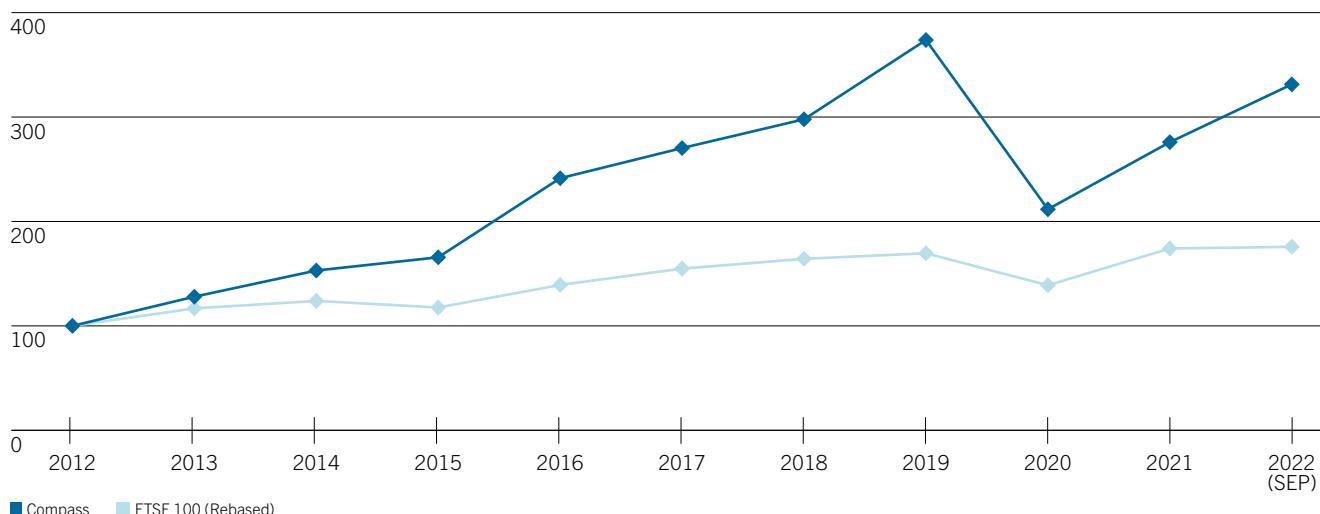
Executive directors may take up one non-executive directorship outside the Company, subject to the Board's approval and provided that such an appointment is not likely to lead to a conflict of interest. It is recognised that non-executive duties can broaden experience and knowledge which can benefit the Company. Dominic Blakemore received fees of £110,000 in respect of his directorship at London Stock Exchange Group plc for the period under review. At the date of this DRR, Palmer Brown and Gary Green do not hold any paid external appointments.

### Remuneration in detail for the year ended 30 September 2022

#### Total shareholder return (TSR)

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the 10 year period to 30 September 2022. The FTSE 100 Index has been chosen as a broad equity market index of which the Company has been a constituent member throughout the period.

#### Total shareholder return indices – Compass vs FTSE 100 (£)



### Pay for performance

The Committee believes that the Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Group. To maintain this relationship, the Committee regularly reviews the business priorities and the environment in which the Group operates. The table below shows the Group CEO's total remuneration over the last 10 years and the achieved annual variable and long-term incentive pay awards as a percentage of the plan maximum.

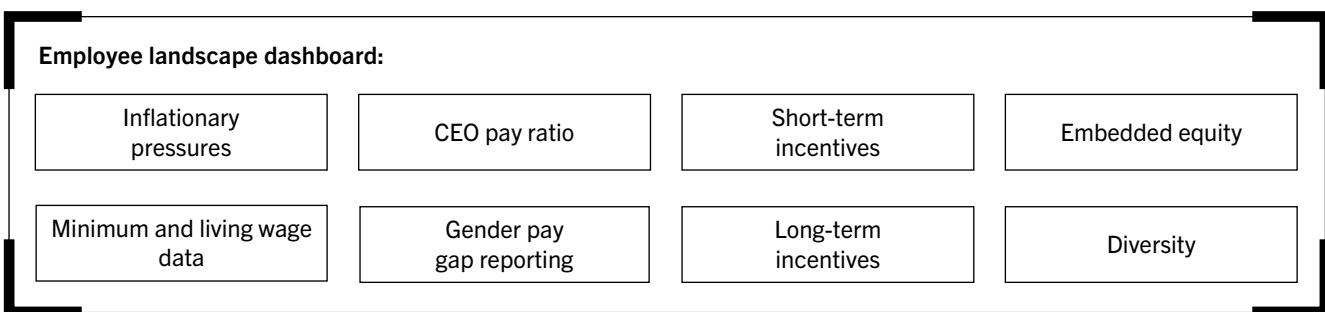
	2013	2014	2015	2016	2017	2018 <sup>1</sup>	2019	2020	2021	2022
Single total figure of remuneration £000	5,532	6,298	5,325	5,822	5,617	4,568	4,659	1,162	3,211	3,299
Annual variable element: award payout against maximum opportunity %	84.5	87.3	88.7	85.8	68.9	95.9	78.3	0	99.9	100
LTIP vesting rates against maximum opportunity %	98.0	100	79.0	84.5	74.5	95.0	100	0	0	0

1. Dominic Blakemore was Deputy Group CEO from 1 October 2017 to 31 December 2017 and Group CEO from 1 January 2018.

## Remuneration in the wider context

Our approach to workforce engagement is set out on page 69, including the approach taken to gathering the views of the workforce. Irene Vittal, a member of the Committee, is the current Designated Non-executive director for workforce engagement and is responsible for ensuring the views of the workforce are communicated to the Board, and explaining how executive remuneration aligns with wider Company pay policies.

When considering executive remuneration and setting the Directors' Remuneration Policy, the Committee takes into consideration the wider workforce. An employee landscape dashboard was considered by the Committee at the May 2022 meeting. Each section of the dashboard is shown below:



## Group CEO pay ratio

The ratio between the Group CEO's remuneration and the median, lower quartile and upper quartile of UK employees is disclosed below. The ratio shows the comparisons between the 25th, median and 75th percentile employees in the UK, with reference to remuneration paid in the past three financial years to 30 September, and the Group CEO's total remuneration as set out in the single figure table on page 100.

Year and component	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
<b>2021-2022 total remuneration</b>	<b>Option A</b>	<b>159:1</b>	<b>129:1</b>	<b>115:1</b>
2020-2021 total remuneration	Option A	172:1	138:1	125:1
2019-2020 total remuneration	Option A	63:1	54:1	42:1

Compass has chosen to use prescribed Option A to calculate the ratio as it is considered to be the most accurate approach. This method includes total full-time equivalent remuneration for UK employees received by an individual in respect of the financial year ended 30 September 2022 and is calculated in line with the methodology for the 'single figure of remuneration' for the Group CEO. The best equivalents for the three UK employees whose hourly rates of pay were at the 25th, median and 75th percentiles were selected, with a small number of employees around each quartile reviewed, to ensure that the employees chosen at the three percentile points were, within reason, representative of the pay of the UK workforce at each quartile.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst the UK workforce. The three individuals identified did not receive any remuneration which would otherwise inflate their pay figures.

The Group CEO's remuneration is weighted more heavily towards variable pay than that of the wider workforce and, as a result, the ratio will fluctuate each year depending on the performance of the Company. This is particularly relevant for the 2019-2020 year where remuneration paid to the Group CEO was significantly lower due to the impact of a voluntary reduction in salary, the waiver of annual bonus otherwise earned, and the broader effect of COVID-19 on the performance-related incentive elements of pay. During the two financial years that followed, total remuneration did not include the vesting of long-term incentive awards due to the continued impact of COVID-19.

The salary and total remuneration is set out in the table below:

Financial year	Component	Group CEO £000	25th percentile £000	Median £000	75th percentile £000
<b>2021-2022</b>	<b>Salary</b>	<b>£1,034</b>	<b>£18</b>	<b>£22</b>	<b>£26</b>
	<b>Total remuneration</b>	<b>£3,299</b>	<b>£21</b>	<b>£26</b>	<b>£29</b>
2020-2021	Salary	£1,000	£16	£19	£24
	Total remuneration	£3,211	£19	£23	£26
2019-2020	Salary	£894	£17	£21	£26
	Total remuneration	£1,162	£18	£21	£28

## ANNUAL REMUNERATION REPORT CONTINUED

**Annual percentage change in remuneration of directors and employees**

As required by the 2019 regulations, the table below shows a comparison of the annual change in each individual director's pay to the annual change in average employee pay for the year ended 30 September 2022.

Average employee pay is based on a full time equivalent (FTE) calculation, using a mean average. The year-on-year variance in base salary or fees paid to the directors between 2019-2020 and 2020-2021 is due to the six month period of salary reductions in 2020 made in response to COVID-19. The benefits figure for 2019-2020 for most directors included an amount in respect of the taxable benefit which was deemed to have occurred as a result of their personal investment in the Company's shares under the May 2020 equity raise. The non-executive director benefits relating to travel costs were mitigated in 2020-2021 as meetings were held virtually due to the COVID-19 pandemic.

	Change in pay between 30 September 2021 and 30 September 2022			Change in pay between 30 September 2020 and 30 September 2021			Change in pay between 30 September 2019 and 30 September 2020		
	Base salary/ fees % change <sup>1</sup>	Bonus % change <sup>2</sup>	Benefit % change <sup>3</sup>	Base salary/ fees % change <sup>1</sup>	Bonus % change <sup>2</sup>	Benefit % change <sup>3</sup>	Base salary/ fees % change <sup>1</sup>	Bonus % change <sup>2</sup>	Benefit % change <sup>3</sup>
<b>Executive directors</b>									
Dominic Blakemore	3.4%	4.6%	18.1%	11.9%	N/A <sup>6</sup>	(27.4)%	(6.5)%	(100)%	105.0%
Palmer Brown <sup>7</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>	N/A <sup>6</sup>
Gary Green	3.6%	5.3%	(32.4)%	10.5%	N/A <sup>6</sup>	(15.5)%	(6.3)%	(100)%	49.7%
Karen Witts <sup>8</sup>	0%	0.1%	6.3%	9.0%	N/A <sup>6</sup>	(11.5)%	(6.3)%	(100)%	116.9%
<b>Non-executive directors</b>									
Carol Arrowsmith	1.7%	—	N/A <sup>6</sup>	10.3%	—	(100)%	(7.8)%	—	79.1%
John Bason <sup>4</sup>	(17.2)%	—	N/A <sup>6</sup>	(18.9)%	—	(100)%	(3.3)%	—	N/A <sup>6</sup>
Stefan Bomhard	2.3%	—	N/A <sup>6</sup>	10.3%	—	(100)%	(7.3)%	—	1,012.9%
John Bryant <sup>4</sup>	11.5%	—	N/A <sup>6</sup>	35.0%	—	(100)%	(7.3)%	—	162.6%
Arlene Isaacs-Lowe	N/A <sup>6</sup>	—	N/A <sup>6</sup>	N/A <sup>6</sup>	—	N/A <sup>6</sup>	N/A <sup>6</sup>	—	N/A <sup>6</sup>
Ian Meakins <sup>4</sup>	18.9%	—	N/A <sup>6</sup>	467.0%	—	(100)%	—	—	—
Anne-Francoise Nesmes <sup>4</sup>	11.5%	—	N/A <sup>6</sup>	35.0%	—	(100)%	(7.3)%	—	N/A <sup>6</sup>
Sundar Raman	N/A <sup>6</sup>	—	N/A <sup>6</sup>	N/A <sup>6</sup>	—	N/A <sup>6</sup>	N/A <sup>6</sup>	—	N/A <sup>6</sup>
Nelson Silva	1.7%	—	N/A <sup>6</sup>	10.3%	—	(100)%	(7.8)%	—	23.8%
Ireena Vittal	2.3%	—	N/A <sup>6</sup>	10.3%	—	(100)%	(7.3)%	—	27.7%
<b>Average pay of UK employees<sup>5</sup></b>	<b>3.8%</b>	<b>191.8%</b>	<b>2.5%</b>	5.2%	113.1%	7.5%	3.4%	(12.3)%	(13.4)%

1. The annual percentage change in salary is calculated by reference to actual salary paid and for directors is calculated on a full-time equivalent basis. Base salary/fees paid to the directors for the year ended 30 September 2020 were reduced to reflect the wider stakeholder experience as a result of COVID-19.
2. The annual percentage change in bonus is calculated by reference to the bonus payable in respect of performance applicable to the financial year for executive directors, and by reference to all bonus payments received during the financial year for UK employees. The 2022 increase for UK employees is due to the comparison between bonuses paid in respect of the 2021 financial year, compared to bonuses paid in respect of the 2020 financial year, the latter being minimal due to the impact of COVID-19.
3. The annual percentage change in benefits is calculated by reference to the value of benefits received in respect of the financial year. Non-executive directors' travel expenses to/from meetings in the UK are considered a benefit and are disclosed in the DRR. The increase in benefits from 2019 to 2020 paid to the directors is attributable to an increase in the value of these expenses, and/or to the inclusion of the benefit of the discount on the subscription price in respect of the May 2020 equity placing, in which the majority of directors in office at the time participated, alongside, and on the same terms as, other shareholders.
4. The annual percentage increase/decrease in fees reflects a change in role during the year as more fully detailed on page 105. The percentage change is calculated on a full time equivalent basis.
5. Average employee pay is calculated by reference to the mean average pay of employees within the UK.
6. N/A refers to a nil value in the previous year, meaning that a year on year change cannot be calculated.
7. Appointed to the Board on 4 October 2021.
8. Appointed to the Board on 8 April 2019 and stepped down from the Board on 31 October 2021. The % change is calculated on a full time equivalent basis.

**Relative importance of spend on pay**

The following table sets out the amounts paid in share buybacks, dividends and total employee costs for the years ended 30 September 2021 and 2022.

	2022 £m	2021 £m	Change % <sup>1</sup>
Dispersals			
Share buybacks <sup>2</sup>	438	—	N/A
Dividends paid <sup>3</sup>	418	—	N/A
Total employee costs <sup>4</sup>	12,163	9,328	30.4%

1. The year on year percentage change in dispersals represents the Company's continued recovery from the impact of COVID-19.
2. At the AGM on 3 February 2022, shareholders approved Resolution 23 to give the directors authority to make limited on-market purchases of up to 10% of the Company's ordinary shares. 24,151,566 shares were repurchased during the financial year ended 30 September 2022 at a cost of £438 million excluding transaction costs. The directors consider it desirable for such general authority to be available to maintain an efficient capital structure whilst at the same time retaining the flexibility to fund any bolt-on acquisitions.
3. The total dividend paid during the financial year ended 30 September 2022 was £418 million. The share capital in issue on 30 September 2022 and on the same date in 2021 was 1,785 million ordinary shares of 11½ pence each.
4. Total employee costs include wages and salaries, social security costs, share-based payments and pension costs for all employees, including directors. The average number of employees, including directors and part time employees in operations during 2022, was 513,707 (2021: 478,070).

## Remuneration of other senior executives and management

A number of senior executives and the executive directors comprise the Executive Committee. These key management roles influence the ability of the Group to meet its strategic targets. The Remuneration Committee sets the remuneration for these individuals and takes into account the remuneration levels and structure of the wider business. Total remuneration including base salary and other short-term benefits, bonus and the expected value of long-term incentives for this group is summarised in note 3 to the consolidated financial statements on page 148.

### Remuneration advice

The Group Chief People Officer and the Group Reward Director are normally invited to attend each Committee meeting to advise on remuneration matters. The Chair of the Board, Group CEO and Group CFO may also attend from time to time by invitation. They are not paid a fee for attending the Committee in addition to their normal remuneration from the Company under their service contracts. None of the foregoing attend when their own remuneration is discussed. Details of the members of the Committee who served during the year ended 30 September 2022 are set out on pages 55 to 57.

The Committee appointed Deloitte LLP (Deloitte) as its independent remuneration adviser in September 2021. Deloitte's fees during the 2021-2022 year were £40,750 (2021: £79,250). Fees are charged on a time and materials basis and covered advice on executive remuneration, attendance at Committee meetings, general advice and updates on remuneration developments. Deloitte provided advice to the Group in relation to tax and accounting, technology and other consulting services in the year under review. Deloitte is a member of the Remuneration Consultants Group and complies with its Code of Conduct.

Alithos Limited (Alithos) was appointed by the Company in 2002. During the year, Alithos provided information for the testing of the TSR performance conditions for the Company's LTIP awards, for which it received fixed fees of £24,000 (2021: £24,000). Alithos also provided other share price and TSR data to the Committee during the year for which it received fees of £500 (2021: £500). Alithos provided additional TSR analysis to the Company during the year for which it received a fee of £2,000 (2021: £5,500).

The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of its members generally, including Carol Arrowsmith, Chair of the Committee, who until 2014 was a remuneration consultant with Deloitte.

### Committee evaluation

The priorities set by the Committee as a result of last year's evaluation process were:

- continuing to monitor the fast changing macro environment
- maintaining positive engagement with shareholders
- continuing to ensure an emphasis on pay for performance
- considering ESG measures for future incentives

These themes, together with the Committee's regular programme of work, shaped the Committee's agenda and were included in the principal activities during the year under review.

During the year, an external evaluation of the effectiveness of the Committee was conducted as part of the wider external evaluation of the Board and its committees. Details can be found on pages 84 to 85. The evaluation concluded that the Committee continued to operate effectively and identified a number of priorities for 2022-2023:

- determining appropriate performance measures and targets, including ESG metrics
- considering the economic/geopolitical environment when assessing performance

These matters, together with the regular work of the Committee, will inform the Committee's agenda for the coming year.

### Shareholder vote at the 2022 annual general meeting

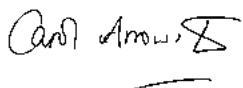
The table below sets out the voting outcome at the AGM held on 3 February 2022:

	Number of votes 'For' & 'Discretionary'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'
Remuneration Policy <sup>2</sup>	973,341,831	67.50	468,571,337	32.50	1,441,913,168	34,029,557
Annual Remuneration Report <sup>3</sup>	1,288,670,998	87.98	176,100,487	12.02	1,464,771,485	11,171,239

1. A vote withheld is not a vote in law.
2. Binding vote.
3. Advisory vote.

The Committee welcomed the endorsement of the DRR and Policy by the majority of shareholders and took steps, where practicable, to understand the concerns of shareholders who withheld their support for the Policy. At the 2023 AGM, shareholders will be invited to vote on the 2022 Annual Remuneration Report (advisory vote).

On behalf of the Board



**CAROL ARROWSMITH**

Chair of the Remuneration Committee

21 November 2022

# OTHER STATUTORY DISCLOSURES

The directors present their Annual Report and the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 30 September 2022.

This Directors' Report forms part of the management report as required under the FCA's Disclosure Guidance and Transparency Rules (DTR) 4. The Company has chosen, in accordance with Section 414C(11) of the CA 2006, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on pages 2 to 51 and includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategy. The Corporate Governance Report on pages 52 to 113, the Other Statutory Disclosures on pages 114 to 117 and the Directors' Responsibilities Statement on page 118 are incorporated into the Directors' Report by reference.

Specifically, the following disclosures have been included elsewhere within the Annual Report and are incorporated into this Directors' Report by reference:

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## Results and dividends

In the year ended 30 September 2022, the Group delivered an underlying profit before tax of £1,490 million (2021: £698 million), an increase of 113.5%; and a statutory profit before tax of £1,469 million (2021: £464 million), an increase of 216.6%.

Last year, the Board announced the reinstatement of the dividend with a policy to pay out around 50% of underlying earnings through an interim and final dividend. It is proposed that a final dividend of 22.1 pence per share be paid in respect of the financial year ended 30 September 2022 on 2 March 2023 to shareholders on the register on 20 January 2023. The final dividend of 22.1 pence per share will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 9 February 2023.

Year	Dividend	Pence per share
2022	Final	22.1
2022	Interim	9.4
2021	Final	14.0
2021	Interim	Nil

Generally, the trustee of the employee benefit trust, the Compass Group PLC All Share Schemes Trust (ASST), which operates in connection with the Company's share plans, waives its right to receive dividends on any shares held by it. Details of the ASST can be found on page 115 of this Report. The value of the dividends payable during the year ended 30 September 2022 that were waived by the ASST was £75,024 (2021: £nil).

At the date of this Report, there were 28,650,048 11½ pence ordinary shares held in treasury for the purpose of satisfying the Company's obligations under the Company's employee equity incentive schemes. Shares held in treasury are not entitled to receive dividends. If dividends were paid on treasury shares the value of such dividends paid in the year under review would have equalled £447,405.

## Share capital

The Company has a single share class which is divided into ordinary shares of 11½ pence each. At the date of this Report, 1,785,403,977 ordinary shares of 11½ pence each (of which 28,650,048 are held in treasury) have been issued, are fully paid up and are quoted on the London Stock Exchange. Each share (excluding treasury shares) has one vote. The total voting rights attaching to the issued ordinary share capital (excluding treasury shares) at the date of this Report is 1,756,753,929. In addition, the Company sponsors a Level I American Depository Receipt programme with BNY Mellon, through which the Company's shares are traded on the over-the-counter market in the form of American Depository Shares.

During the year ended 30 September 2022, 268,518 options were exercised and 437,444 awards released pursuant to the Company's share option schemes, long-term incentive plans and other discretionary share schemes. All options exercised and awards released were satisfied, as appropriate, by the reissue of 320,851 treasury shares and the release of 280,371 shares from the ASST. No treasury shares have been reissued and no shares have been released by the ASST since the end of the financial year to the date of this Report to satisfy awards under these schemes.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than those restrictions which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company is not aware of any significant agreements to which it is party, that take effect, alter or terminate upon a change of control of the Company following a takeover.

More detailed information relating to the rights and obligations attaching to the Company's ordinary shares, and those conferred by law, are set out in the Company's articles of association.

## Articles of Association

The Company's articles of association were adopted by shareholders at the 2021 AGM and may only be amended by special resolution at a general meeting of shareholders and are available on the Company's website, [www.compass-group.com](http://www.compass-group.com).

## Purchase of own shares

As permitted by the Articles, the Company obtained shareholder authority at the 2022 AGM to purchase its own shares up to a maximum of 178,386,000 ordinary shares.

On 26 May 2022, the Company announced, consistent with its capital allocation framework, the commencement of a share buyback programme of up to £500 million to end no later than 28 September 2022 to reduce the Company's share capital and return cash to shareholders. Subsequently, on 16 September 2022, the Company announced an extension of the duration of the programme to 16 November 2022, to ensure sufficient time to complete the programme ahead of the Company's full-year results announcement on 21 November 2022. During the financial year ended 30 September 2022, the Company purchased and subsequently transferred 24,151,566 ordinary shares of 11½ pence into treasury. The cost of the shares purchased was £438 million excluding transaction costs. A further 3,447,549 shares have been repurchased from 1 October 2022 to the date of this Report at a cost of £62 million excluding transaction costs. As at the date of this Report there are 28,650,048 ordinary shares held in treasury (representing 1.6% of the issued ordinary shares) for the purpose of satisfying the Company's obligations under employee equity incentive schemes. Shares held in treasury are not eligible to participate in dividends and do not carry any voting rights. Further details of treasury shares and the share buyback programme are set out on page 183.

At the 2023 AGM, a special resolution will be proposed to renew the directors' limited authority (last granted at the 2022 AGM) to purchase the Company's ordinary shares in the market.

### Issue of shares

At the 2023 AGM, the directors will ask shareholders to renew the authority last granted to them at the 2022 AGM to allot equity shares representing approximately one-third of the issued ordinary shares calculated at the latest practicable date prior to the publication of the Notice of AGM (the section 551 authority) and, in accordance with the Investment Association Share Capital Management Guidelines, the directors propose to extend this by a further one-third of the Company's issued ordinary share capital, provided that such amount shall only be used in connection with a rights issue. If approved, the authority will expire no later than 15 months from the date the resolution is passed, or at the conclusion of the Company's 2024 AGM, whichever is the sooner.

Changes in the Company's share capital during 2022, including details of purchases and releases by the ASST, and the reissue of treasury shares during the year, together with details of options granted over unissued capital, are set out in notes 24 and 25 to the consolidated financial statements.

### Substantial shareholdings

As at 30 September 2022, and up to the date of this Report, the following information has been received in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital:

	% of Compass Group PLC's voting rights
Blackrock, Inc.	9.99
Artisan Partners Limited Partnership	5.01
Invesco Limited	4.95
Massachusetts Financial Services Company	4.60

The information provided above was correct at the date of notification, but may have changed since. However, the holder is not required to make another notification to the Company until the next notifiable threshold (as defined in DTR 5) is crossed.

### Employee share trusts

The Compass Group Employee Share Trust (ESOP) was established on 13 January 1992 in connection with the Company's share option plans. The Compass Group Long Term Incentive Plan Trust was established on 5 April 2001 in connection with the Company's long-term incentive plans and, in 2019, was adapted to allow it to source shares for all of the Company's share schemes and was renamed the Compass Group PLC All Share Schemes Trust.

Details of employee equity incentive schemes are set out in the Directors' Remuneration Report on pages 86 to 113. As at 30 September 2022, the trustees of the ESOP and ASST held nil (2021: nil) and 221,909 (2021: 185,228) ordinary shares of the Company respectively.

### Awards under employee share schemes

Details of awards made during the year and held by executive directors as at 30 September 2022 are disclosed in the Directors' Remuneration Report on pages 86 to 113.

Details of employee equity incentive schemes and grants made during the year ended 30 September 2022, and extant awards held by employees are disclosed in the consolidated financial statements on pages 185 and 186.

### Employee engagement

Compass places particular importance on engaging with employees, recognising that its people are vital in delivering the Group's commitments and strategy and to living its values. Employee engagement is based on commitments to respect, teamwork and growth within the workforce. Senior leaders across the Group meet with their teams through roundtables, townhalls and site visits. Mobile apps are used to communicate directly with front-line staff, and webcasts, blogs, newsletters, in-house publications and other communication channels are also deployed to share relevant information and invite comments and questions. These channels provide mechanisms to keep employees regularly informed on matters of concern to them as employees, and to promote a common awareness of the financial, economic and environmental factors affecting the performance of the Company. In the European Economic Area (EEA), Group businesses are represented on Compass Group's European Works Council (EWC). Employees from across the Group's EEA business have been elected to employee representative roles on the EWC which provides a forum for exchanging information and engaging in consultation on the Group's performance and plans, and relevant transnational issues affecting those countries in the EEA. In the Group's North America business, employees participate in Compass Community Councils and zone meetings which provide forums for employees across multiple sectors in the same geographic location to exchange best practices. Employees regularly share feedback about how it feels to work at Compass through engagement surveys. These provide management with useful information that helps the businesses to form a good understanding of how employees feel about their workplace and to understand what more can be done to make Compass a great place to work.

Certain employees globally are eligible to participate in the Company's share schemes, details of which are published on pages 185 and 186, and UK-based employees are eligible to participate in the Company's Share Incentive Plan.

The directors maintain oversight of employee matters through the Board and committee meeting processes and information flows, including regular updates on employee matters and feedback received through employee engagement surveys. The Designated

## OTHER STATUTORY DISCLOSURES CONTINUED

Non-executive director for workforce engagement maintains close links with colleagues tasked with employee engagement across the Group, holds roundtable meetings and is available for direct engagement with employee groups, and feeds back relevant information and issues to the Board. How the directors have engaged with employees and have considered their interests when taking key decisions is further detailed on pages 69 and 73.

The Group continues to operate on a decentralised basis. This provides a foundation for an entrepreneurial approach balanced by a rigorous control framework exercised by a small head office team. Local management teams are responsible for maintaining high standards of health and safety and for ensuring that there is appropriate employee involvement in decision-making.

### Employee benefits and policies

Eligible employees in the UK are invited to join the Company's defined contribution pension arrangement, Compass Retirement Income Savings Plan (CRISP). CRISP has a corporate trustee, CRISP Trustees Limited. The Chair, Nigel Palmer, and the other five trustee directors are current or former employees of Compass Group Holdings PLC or Compass Group, UK and Ireland Limited. Two of the employee directors were nominated as directors of the corporate trustee by CRISP members and there is one vacancy. Applications are currently being sought in respect of this vacancy.

Those UK employees who transferred from the public sector under TUPE were, typically up until 31 March 2015, eligible to join the Compass Group Pension Plan (the Plan), a defined benefit pension arrangement which has otherwise been closed to new entrants since 2003. However, in accordance with the Government's revised guidance for 'Fair Deal for staff pensions', the approach has been to continue participation in the relevant public sector pension scheme and so the Plan is closed to future entrants. The Plan also has a corporate trustee, Compass Group Pension Trustee Company Limited. The board of the corporate trustee comprises Philip Whittome, independent Chair, one other independent trustee director, and five directors that are UK-based employees or former employees of Compass Group Holdings PLC or Compass Group, UK and Ireland Limited. Three of the employee directors were nominated as directors of the corporate trustee by Plan members.

The Company is subject to the Pension Automatic Enrolment Regulations for its workforce in the UK. All new UK employees who meet the statutory eligibility criteria, and who do not join CRISP, are automatically enrolled into the National Employment Savings Trust (NEST). Responsibility for the Group's ongoing compliance with the Pension Automatic Enrolment Regulations and for ensuring that the administration and investment of funds relating to automatic enrolment remain appropriate lies with the Group's Pension Automatic Enrolment Governance Committee.

Permanent employees outside the UK are usually offered membership of local pension arrangements, if and where they exist, and where it is appropriate to have Company sponsored arrangements.

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills. Employment of people with disabilities is considered on merit with regard only to the ability of any applicant to carry out the role. Arrangements to enable people with disabilities to carry out the duties required will be made if it is reasonable to do so. An employee who becomes disabled would, where appropriate, be offered retraining.

### Employee diversity and human rights

Our Code of Ethics was developed in consultation with the EWC and the Institute of Business Ethics and sets out clear standards of behaviour that we expect all of our people to demonstrate and adhere to. The Code of Ethics, part of our Code of Business Conduct, underpins our social, ethical and environmental commitments and sends a clear message to our stakeholders of our commitment to responsible business practice. The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, underpin our own Code of Ethics. This UN initiative encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda.

Our people are instrumental to the success of the Group. The individuality and diversity that every employee brings to the Group are respected and valued, and relationships with employees are based on respect for the dignity of the individual and fair treatment for all. The Company publishes an annual statement in accordance with the requirements of the Modern Slavery Act 2015 and a copy of the statement is available on the Company's website, [www.compass-group.com](http://www.compass-group.com).

As at 30 September 2022, there were 513,707 (2021: 478,070) people employed by the Group (average number of employees including directors and part-time employees) of whom 290,778 were female (2021: 272,500) and 222,929 were male (2021: 205,570). 514 were senior managers, of which 165 were female and 349 were male (2021: 173 female and 341 male), which includes members of our global leadership team and statutory directors of corporate entities whose financial information is consolidated in the Group's financial statements in this Annual Report.

As at 30 September 2022, there were 12 directors, eight of whom were male and four were female. Prior to any appointment to the Board, the Nomination Committee gives due regard to diversity and gender with a view to recommending the appointment of the most suitable candidate for the role.

Compass seeks to create a positive and open working environment. Employee policies are set locally to comply with local law within an overall Group framework and employee satisfaction and engagement is monitored through a number of key performance indicators.

Consideration is given to the concerns of the wider communities in which the Group's businesses operate, including national and local interests, and utilising relevant expertise to help contribute to the wellbeing of communities in ways which are appropriate to the Group's business objectives. Furthermore, the Group supports the rights of all people as set out in the UN Universal Declaration of Human Rights (UN Declaration) and considers carefully before doing any business in countries that do not adhere to the UN Declaration.

### Business relationships

The directors regard positive business relationships with suppliers, clients, consumers and others as critical to the Company's long-term success. The Group's culture, values and behaviours support open and honest engagement with its stakeholders. High standards of ethical behaviour and probity are maintained in all of Compass' business dealings. For further information on how the Company fosters business relationships and how the directors have had regard to stakeholders' interests in their principal decision-making processes see pages 68 to 73.

### Non-financial reporting directive

The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 (the Regulations) require companies to disclose non-financial information necessary to provide investors and other stakeholders with a better understanding of a

company's development, performance, position and impact of its activity. The Audit Committee, which advises the Board on such matters, has concluded that the Company is compliant with the Regulations.

Throughout this Annual Report the directors have disclosed a mix of financial and non-financial KPIs that they believe best reflect the Group's strategic priorities and will help convey an understanding of the Group's culture and the drivers contributing to the ongoing success of the Company. The non-financial information statement on page 51 identifies where information relating to non-financial matters can be found.

### Post balance sheet events

Except for the matters set out below, there are no material post balance sheet events for the financial year ended 30 September 2022.

On 3 October, the Group sold its businesses in Central and Eastern Europe, namely Hungary, Romania, Slovakia and Czech Republic, for consideration of approximately £62 million. The aggregate net assets of the businesses sold were not material to the consolidated financial statements at 30 September 2022.

On 21 November 2022, a final dividend in respect of 2022 of 22.1 pence per share, £389 million in aggregate, was proposed.

In the period from 1 October to 21 November 2022, 3,447,549 shares were repurchased for a total price, excluding transaction costs, of £62 million under the share buyback programme announced in May 2022.

### Greenhouse gas emissions reporting

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible, including the combustion of fuel and the operation of directly controlled facilities. Details of our emissions during the year ended 30 September 2022 are set out within the Purpose section of the Strategic Report on page 40 and form part of the Directors' Report disclosures and are incorporated by reference. Further details of the Group's actions to reduce emissions can also be found in the Purpose and TCFD sections of this Annual Report on pages 36 to 50. This Annual Report is certified carbon neutral by sponsoring a cause to offset the emissions arising from the production, printing and delivery of this Report. This year, the Company has sponsored community-based projects in Kenya and Malawi, through a combination of forest protection and the distribution of clean cookstoves to deliver significant emissions reductions, protect an important area of biodiversity value, and address the health risks of indoor pollution.

### Task Force on Climate-related Financial Disclosures (TCFD)

In accordance with the requirements of the UK Listing Rules, the Company is required to state whether it has made disclosures consistent with the TCFD's recommendations, or if not, to provide an explanation of why it has not complied and a description of the steps that are being taken or will be taken to enable the Company to make consistent disclosures in the future and the timeframe for compliance. Details of Compass TCFD progress and compliance are set out in the Strategic Report on pages 43 to 50 and form part of the Directors' Report disclosures and are incorporated by reference.

### Donations and political expenditure

Charitable objectives support the Company's CR strategy and have primarily focused on the environment, education, health and wellbeing, community engagement and responsible business practice. Donations have included employee involvement through fundraising and financial support.

Group charitable donations	£m
2022	7.0
2021	11.0

Since 2004, shareholders have passed an annual resolution, on a precautionary basis, to approve donations to EU political organisations and to incur political expenditure (as such terms were defined under the then relevant legislation) not exceeding a monetary limit approved by shareholders. The Board has consistently confirmed that it operates a policy of not giving any cash contribution to any political party in the ordinary meaning of those words and that it has no intention of changing that policy.

No material amount of corporate funds or paid employee time has been utilised during the year for political activities and, in accordance with the Company's CBC, employees must not engage in any form of lobbying or have contact with political representatives, government employees or public interest groups unless they are doing so legitimately and adhering to internal control processes. Further information regarding the CBC can be found on page 76 of this Annual Report and on the Company's website, [www.compass-group.com](http://www.compass-group.com).

The directors propose to renew the authority granted at the 2022 AGM for the Group to make political donations and incur political expenditure (as such terms are defined in sections 362 to 365 of the CA 2006) until the Company's next AGM, which they might otherwise be prohibited from making or incurring under the terms of the CA 2006 and which would not amount to 'donations' in the ordinary sense of the word. It is proposed to maintain the limit of such authority at £100,000.

### CREST

The Company's ordinary shares and sterling Eurobonds are in CREST, the settlement system for stocks and shares.

### Disclosures required under LR 9.8.4

There are no disclosures required to be made under the FCA's LR 9.8.4 which have not already been disclosed elsewhere in this Report. Details of long-term incentive plans can be found in the Directors' Remuneration Report on pages 86 to 113 and details of dividends waived by shareholders can be found on page 114.

### AGM

The Notice of Meeting setting out the resolutions to be proposed at the 2023 AGM, together with explanatory notes, will be sent to shareholders as a separate document and made available on the Company's website, [www.compass-group.com](http://www.compass-group.com).

The directors consider that each of the resolutions is in the best interests of the Company and the shareholders as a whole and recommend that shareholders vote in favour of all of the resolutions.

On behalf of the Board



### ALISON YAPP

Group General Counsel and Company Secretary

21 November 2022

Compass Group PLC

Registered in England and Wales, No. 4083914

## DIRECTORS' RESPONSIBILITIES STATEMENT

**Directors' Responsibilities Statement**

The Annual Report and Accounts complies with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code 2018 in respect of the requirements to produce an annual financial report.

The Annual Report and Accounts is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

The directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to give its audit opinion.

On behalf of the Board



**ALISON YAPP**

Group General Counsel and Company Secretary

21 November 2022

**Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of UK-adopted international accounting standards
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

**Disclosure of relevant audit information**

The directors confirm that, so far as they are each aware, there is no relevant audit information of which KPMG is unaware and each director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that KPMG is aware of that information.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC

## 1. Our opinion is unmodified

We have audited the financial statements of Compass Group PLC ('the Company') for the year ended 30 September 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet and the Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies on pages 134 to 143 of the Group financial statements and page 215 and 216 of the Parent Company financial statements.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the directors on 14 March 2014. The period of total uninterrupted engagement is for the nine financial years ended 30 September 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## Overview

<b>Materiality:</b> Group financial statements as a whole	£63m (2021:£62m) 4.29% of Group profit before tax (2021: 0.35% of revenue)
<b>Coverage</b>	90% (2021:89%) of Group profit before tax
<b>Key audit matters</b>	<b>vs 2021</b>
<b>Event driven</b>	Goodwill impairment in respect of the UK cash generating unit
<b>Recurring risks</b>	Uncertain direct tax provisions
	Recoverability of the Parent Company's investment in subsidiaries and amounts owed by Group undertakings

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

The risk	Our response
<p><b>Goodwill impairment in respect of the UK cash generating unit</b></p> <p>UK CGU Goodwill £1,481 million (2021: £1,456 million)</p> <p>Refer to page 75 (Audit Committee Report), pages 135 and 139 (Accounting Policies) and pages 153 and 154 (Financial Disclosures).</p> <p>The value in use calculation for the CGUs, which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue, operating margin, long-term perpetuity growth rate and discount rate).</p> <p>Estimation uncertainty in relation to the UK business has increased as a result of inflationary pressures from the macro economic effects of COVID-19 and the geo-political environment.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the UK CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>The financial statements (note 8) disclose the sensitivity estimated by the Group. These disclosures give relevant information about the estimation uncertainty including the risk of a reduction in the headroom or need for an impairment as a result of a reasonably possible change in one or more of the key assumptions.</p>	<p>Forecast-based valuation: The Group has a significant carrying amount of goodwill which is spread across a range of cash-generating units (CGUs) in different countries.</p> <p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li><b>Benchmarking assumptions and historical comparison:</b> We assessed and challenged the operating cash flow assumptions used by the Group through retrospective review; compared to external industry forecasts; and analysis of analysts' reports.</li> <li><b>Our sector experience:</b> Using our valuations experts, we challenged the appropriateness of discount rates by deriving our own independent range and compared long-term perpetuity growth rates to market data.</li> <li><b>Sensitivity analysis:</b> We estimated the value in use recoverable amount utilising independent and more conservative forecasts and independently derived discount rates and assessed whether this resulted in impairment.</li> <li><b>Historical comparisons:</b> We evaluated the track record of historical assumptions used against actual results achieved.</li> <li><b>Assessing transparency:</b> We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions, reflects the risks inherent in the estimation of the recoverable amount of goodwill.</li> </ul> <p><b>Our results</b></p> <p>We found the Group's conclusion that there is no impairment of UK CGU's goodwill to be acceptable (2021 result: acceptable) and we found the sensitivity disclosures made to be acceptable (2021 result: acceptable).</p>

	The risk	Our response
<p><b>Uncertain direct tax provisions</b></p> <p>Refer to page 75 (Audit Committee Report), pages 135 and 138 (Accounting Policies) and pages 150 to 151 (Financial Disclosures).</p>	<p><b>Subjective estimate:</b></p> <p>The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing.</p> <p>As a result of the complexities of tax rules on transfer pricing and other tax legislation, the provisioning for uncertain direct tax positions is judgemental and requires the directors to make estimates in relation to these uncertainties.</p> <p>The directors' estimation includes assessing the likelihood of potentially material exposures as a result of changes in local tax regulations and evaluating ongoing inspections by local tax authorities and international bodies, which could materially impact the amounts recorded in the Group financial statements.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>– <b>Our taxation expertise:</b> With the assistance of our tax specialists, we analysed and challenged the assumptions used to determine the provisions recognised using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts, and assessing whether the approach applied by the Group is supported by custom and practice.</li> <li>– With the help of our tax specialists we considered whether the judgements applied to each significant provision, including the maximum potential exposure and the likelihood of a payment being required were appropriate.</li> <li>– <b>Tests of detail:</b> We examined the calculations prepared by the directors and agreed key assumptions used to underlie data.</li> <li>– We inspected correspondence with relevant tax authorities and assessed third-party tax advice received to evaluate the conclusions drawn in the advice where relevant to the significant exposures faced by the Group, and how these have been used by the directors in their assessment of the likelihood of any outflow and estimate of the provision.</li> <li>– <b>Assessing transparency:</b> We assessed the adequacy of the Group's disclosures in respect of tax and uncertain direct tax positions.</li> </ul> <p><b>Our results</b></p> <p>We found the level of tax provisioning to be acceptable (2021: acceptable).</p>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

The risk	Our response
<p><b>Recoverability of the Parent Company's investment in and amounts owed by Group undertakings</b></p> <p>Investments £1,105 million (2021: £1,074 million)</p> <p>Intercompany receivables £10,699 million (2021: £9,159 million)</p> <p><i>Refer to pages 215 (Accounting Policies) and page 217 (Financial Disclosures).</i></p>	<p>Low risk, high value</p> <p>The carrying amount of the Parent Company's investments in subsidiaries held at cost less impairment and intercompany receivables represent 88% (2021: 88%) of the Parent Company's total assets.</p> <p>We do not consider the recoverability of these investments and intercompany receivables to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Parent Company audit.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>– <b>Test of detail:</b> Compared a sample of the investment and intercompany receivables' carrying amounts to the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset value, being an approximation of the minimum recoverable amount, was in excess of their carrying amount.</li> <li>– <b>Assessing subsidiary net assets:</b> For the relevant subsidiaries (investment holding companies), we compared the net assets of the relevant subsidiary to the final net assets in the prior year audited financial statements. Based on the knowledge acquired during the audit of the consolidated Group, including reporting received from component auditors for the underlying trading operations, we considered whether there were any events indicating that the net assets would be materially different from the prior year position.</li> <li>– <b>Test of detail:</b> When the net assets of the relevant subsidiary was insufficient to support the carrying value we considered the performance of the underlying investments held by the relevant subsidiary in order to assess whether there was an indication of impairment.</li> <li>– <b>Our sector experience:</b> In addition, for certain investments and receivables, we evaluated the assumptions used in the applicable impairment model, in particular those relating to forecast profit growth, using our knowledge and historic experience of the profitability of the underlying trading Group.</li> <li>– <b>Assessing expected credit losses:</b> For a sample of the intercompany receivables we evaluated the expected credit losses determined by the directors, in particular the likely risk of default with reference to the credit worthiness of the counterparty and any recent evidence of incurred credit losses.</li> <li>– <b>Benchmarking assumptions:</b> We compared the assumptions in the applicable impairment model for the investment to externally derived data in relation to projected economic growth and discount rates.</li> </ul> <p><b>Our results</b></p> <p>We found the Parent Company's conclusion that there is no impairment of its investments in subsidiaries and amounts owed by Group undertakings to be acceptable (2021: acceptable).</p>

In the prior year, we reported a key audit matter in respect of the recoverability of contract related non-current assets (contract fulfilment assets and contract costs, right of use assets, property, plant & equipment, and intangible assets) due to significant decline in profitability from the impacts of COVID-19 globally and in particular in the US. Following the Group's improvement in financial performance including the increase in revenue (2022: £25,512 million, 2021: £17,908 million) and operating profit (2022: £1,500 million, 2021: £545 million) and the limited impact on overall financial performance due to the structural effects of COVID-19 (e.g. increased home working) we have not assessed this as one of the most significant risk in our current year audit and, therefore, it is not separately identified as a key audit matter in our report this year.

We continue to perform procedures over recoverability of contract related non-current assets.

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £63 million, determined with reference to a benchmark of Group profit before tax, of which it represents 4.29%.

In 2021, materiality for the Group financial statements as a whole was set at £62 million determined with reference to a benchmark of Group revenue, of which it represented 0.35%.

In the current period we have used the Group profit before tax benchmark because the Group's profits have substantially recovered to pre-pandemic levels.

Materiality for the Parent Company financial statements as a whole was set at £49 million (2021: £49 million), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.4% (2021: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £47.2 million (2021: £46.5 million) for the Group and £36.7 million (2021: £36 million) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.1 million (2021: £3.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 51 (2021: 52) reporting components, we subjected 15 (2021: 16) to full scope audits for Group purposes.

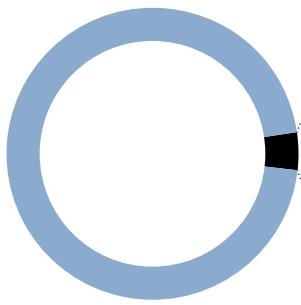
The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 11% (2021: 11%) of total Group revenue, 10% (2021: 11%) of Group profit before tax and 10% (2021: 8%) of Group total assets is represented by 36 (2021: 36) Group reporting components, none of which individually represented more than 3% (2021: 3%) of any of total Group revenue, Group profit before tax or Group total assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £5 million to £51 million (2021: £3 million to £53 million), having regard to the mix of size and risk profile of the Group across the components. The work on 12 of the 15 components (2021: 13 of the 16 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

#### GROUP PROFIT BEFORE TAX

£1,469 million  
(2021: £464 million)



#### GROUP MATERIALITY

£63 million  
(2021: £62 million)

**£63 million**  
Whole financial statements materiality (2021: £62m)

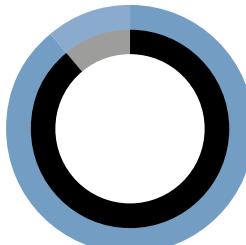
**£51 million**  
Range of materiality at 15 components (£5m to £51m) (2021: £3m to £53m)

**£47.2 million**  
Whole financial statements performance materiality (2021: £46.5m)

**£3.1 million**  
Misstatements reported to the Audit Committee (2021: £3.1m)

#### GROUP REVENUE

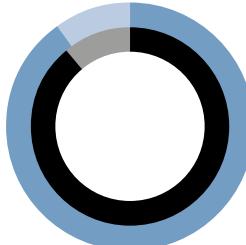
89% (2021: 89%)



Full scope for Group audit purposes 2022	89%
Residual components	11%
Full scope for Group audit purposes 2021	89%
Residual components	11%

#### GROUP PROFIT BEFORE TAX

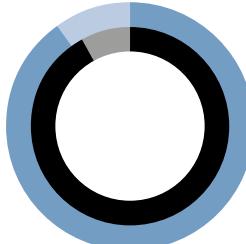
90% (2021: 89%)



Full scope for Group audit purposes 2022	90%
Residual components	10%
Full scope for Group audit purposes 2021	89%
Residual components	11%

#### GROUP TOTAL ASSETS

90% (2021: 92%)



Full scope for Group audit purposes 2022	90%
Residual components	10%
Full scope for Group audit purposes 2021	92%
Residual components	8%

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 4 (2021: 0) component locations to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and the others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

#### 4. The impact of climate change on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

The Group has set out in the Strategic Report its commitment to reach climate net zero green house gas emissions (GHGs) across the global value chain by 2050 and to reach climate neutrality in the Group's direct operations by 2030 and its commitment to several other shorter-term targets.

As a part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical or transition risks of climate change, may affect the financial statements and our audit. There was no impact of this work on our key audit matters.

Whilst the Group is still undertaking work to quantify and assess the potential impact of climate change on the business, based on the procedures we performed in reviewing and challenging the Group's road map for transitioning to net zero GHGs, we did not identify any significant risk in this period of climate change having a material impact on the Group's critical accounting estimates. This is due to the shorter-term nature of certain estimates (tax provisioning), the nature of the estimate itself (pension liabilities) and the level of headroom (impairment of goodwill and intangible assets). In addition, we did not identify any significant risks in this period to the carrying value and useful economic lives of property, plant and equipment caused by the projected physical risks of climate change or the transition to a net zero operating model.

We have read the disclosures of climate related information in the annual report and considered their consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of the climate risk disclosures in the Annual Report.

#### 5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern until at least 31 March 2024 ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources and/or metrics relevant to debt covenants over this period that were:

- The impact of cost inflation on the Group's performance and the ability of the Group to mitigate and recover the medium-term impact of persistent inflation; and
- The ability of the Group to sustain significant short-term volume reductions due to a resurgence of COVID-19.

We also considered less predictable but realistic second-order impacts, such as a significant decline in volumes as a consequence of a global economic downturn.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure on page 134 of the Group financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 19 of the Group financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure on page 134 to be acceptable; and
- the related statement under the Listing Rules set out on page 19 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

## 6. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, Internal Audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and all relevant committee minutes.
- Considering remuneration incentive schemes (primarily the annual bonus plan) and performance targets for management and directors including revenue, margin and cash flow targets for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management and those posted to unexpected account pairings.
- Assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, competition and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

**7. We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

**Strategic report and directors' report**

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Directors' remuneration report**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

**Disclosures of emerging and principal risks and longer-term viability**

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 29 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 29 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

**Corporate governance disclosures**

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## 8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 9. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 118, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so. In addition the directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

*A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).*

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

## 10. The purpose of our audit work and to whom we owe our responsibilities

This Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this Report, or for the opinions we have formed.



### ZULFIKAR WALJI (SENIOR STATUTORY AUDITOR)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square, London E14 5GL

21 November 2022

**CONSOLIDATED INCOME STATEMENT**  
For the year ended 30 September 2022

	Notes	2022	2021
		£m	£m
<b>Revenue</b>	1	<b>25,512</b>	17,908
Operating costs	2	(24,057)	(17,394)
<b>Operating profit before joint ventures and associates</b>		<b>1,455</b>	514
Share of results of joint ventures and associates	1, 13	<b>45</b>	31
<b>Underlying operating profit<sup>1</sup></b>	1, 33	<b>1,590</b>	811
Acquisition-related costs	33	(92)	(106)
COVID-19 resizing credit/(costs)	2, 33	<b>4</b>	(157)
One-off pension charge	33	—	(2)
Tax on share of profit of joint ventures	33	(2)	(1)
<b>Operating profit</b>	1	<b>1,500</b>	545
Net (loss)/gain on sale and closure of businesses	26, 33	(7)	10
Finance income	4	<b>11</b>	7
Finance expense	4	(111)	(120)
Other financing items	4, 33	<b>76</b>	22
<b>Finance costs</b>		<b>(24)</b>	(91)
<b>Profit before tax</b>	5	<b>1,469</b>	464
Income tax expense	5	(352)	(107)
<b>Profit for the year</b>		<b>1,117</b>	357
<b>ATTRIBUTABLE TO</b>			
Equity shareholders	6	<b>1,113</b>	357
Non-controlling interests		<b>4</b>	—
<b>Profit for the year</b>		<b>1,117</b>	357
<b>BASIC EARNINGS PER SHARE</b>	6	<b>62.6p</b>	20.0p
<b>DILUTED EARNINGS PER SHARE</b>	6	<b>62.6p</b>	20.0p

1. Operating profit excluding specific adjusting items (see note 33).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 September 2022

	Notes	2022 £m	2021 £m
<b>Profit for the year</b>		<b>1,117</b>	357
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to the income statement</b>			
Remeasurement of post-employment benefit obligations	23	<b>1,038</b>	(66)
Return on plan assets, excluding interest income	23	(668)	(6)
Change in asset ceiling, excluding interest income	23	<b>3</b>	(7)
Change in fair value of financial assets at fair value through other comprehensive income	14	(133)	4
Tax charge on items relating to the components of other comprehensive income	5	(65)	(5)
		<b>175</b>	(80)
<b>Items that may be reclassified to the income statement</b>			
Currency translation differences <sup>1</sup>		<b>591</b>	(154)
Reclassification of cumulative currency translation differences on sale of businesses	26	<b>7</b>	(24)
Tax credit on items relating to the components of other comprehensive income	5	—	1
		<b>598</b>	(177)
<b>Total other comprehensive income/(loss) for the year</b>		<b>773</b>	(257)
<b>Total comprehensive income for the year</b>		<b>1,890</b>	100
<b>ATTRIBUTABLE TO</b>			
Equity shareholders		<b>1,886</b>	100
Non-controlling interests		<b>4</b>	—
<b>Total comprehensive income for the year</b>		<b>1,890</b>	100

1. Includes a loss of £190m in relation to the effective portion of net investment hedges (2021: £37m gain).

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 September 2022

	Notes	Attributable to equity shareholders						Non-controlling interests £m	Total equity £m
		Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves <sup>1</sup> £m	Retained earnings/(losses) £m		
At 1 October 2021		198	189	295	(2)	3,969	242	28	4,919
<b>Profit for the year</b>		—	—	—	—	—	1,113	4	1,117
<b>Other comprehensive income</b>									
Remeasurement of post-employment benefit obligations	23	—	—	—	—	—	1,038	—	1,038
Return on plan assets, excluding interest income	23	—	—	—	—	—	(668)	—	(668)
Change in asset ceiling, excluding interest income	23	—	—	—	—	—	3	—	3
Change in fair value of financial assets at fair value through other comprehensive income	14	—	—	—	—	—	(133)	—	(133)
Currency translation differences		—	—	—	—	591	—	—	591
Reclassification of cumulative currency translation differences on sale of businesses	26	—	—	—	—	7	—	—	7
Tax charge on items relating to the components of other comprehensive income	5	—	—	—	—	—	(65)	—	(65)
<b>Total other comprehensive income for the year</b>		—	—	—	—	598	175	—	773
<b>Total comprehensive income for the year</b>		—	—	—	—	598	1,288	4	1,890
Fair value of share-based payments	25	—	—	—	—	34	—	—	34
Change in fair value of non-controlling interest put options		—	—	—	—	(2)	—	—	(2)
Changes to non-controlling interests due to acquisitions and disposals		—	—	—	—	(7)	—	8	1
Purchase of non-controlling interests		—	—	—	—	—	(7)	(1)	(8)
Reclassification of non-controlling interest put option reserve on exercise of put options		—	—	—	—	5	—	(5)	—
Release of share awards settled in existing shares purchased in the market		—	—	—	—	(4)	—	—	(4)
Purchase of own shares – share buyback programme <sup>2</sup>		—	—	—	(502)	—	—	—	(502)
Purchase of own shares – employee share-based payments		—	—	—	(6)	—	—	—	(6)
Transfer <sup>3,4</sup>		—	—	—	(13)	(301)	314	—	—
		198	189	295	(523)	4,292	1,837	34	6,322
Dividends paid to equity shareholders	7	—	—	—	—	—	(418)	—	(418)
Dividends paid to non-controlling interests		—	—	—	—	—	—	(3)	(3)
Cost of shares transferred to employees		—	—	—	4	—	—	—	4
<b>At 30 September 2022</b>		198	189	295	(519)	4,292	1,419	31	5,905

1. Other reserves are analysed in note 24.

2. Including stamp duty and brokers' commission.

3. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.

4. To ensure consistency in the presentation of own shares, the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 has been transferred from retained earnings to the own shares reserve.

### Own shares

The own shares reserve comprises 24,151,566 shares in Compass Group PLC purchased under the share buyback programme announced in May 2022 and held in treasury, 1,050,933 shares in Compass Group PLC purchased in previous years and held in treasury, and 221,909 shares in Compass Group PLC held by the Compass Group PLC All Share Schemes Trust (ASST).

In May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, of which £425m was paid in cash during the year. These shares are held in treasury. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2022 and, therefore, a creditor in respect of the value of the shares not yet purchased under the programme has been recognised. The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m.

The ASST is a discretionary trust for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for long-term incentive plans. At 30 September 2022, the nominal value of the shares in the ASST was £24,521 (2021: £20,468), with a market value of £4.0m (2021: £2.8m).

	Notes	Attributable to equity shareholders							Total equity £m
		Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves <sup>1</sup> £m	Retained (losses)/ earnings £m	Non-controlling interests £m	
At 1 October 2020		198	189	295	(2)	4,145	(35)	23	4,813
Profit for the year		—	—	—	—	—	357	—	357
Other comprehensive income									
Remeasurement of post-employment benefit obligations	23	—	—	—	—	—	(66)	—	(66)
Return on plan assets, excluding interest income	23	—	—	—	—	—	(6)	—	(6)
Change in asset ceiling, excluding interest income	23	—	—	—	—	—	(7)	—	(7)
Change in fair value of financial assets at fair value through other comprehensive income	14	—	—	—	—	—	4	—	4
Currency translation differences		—	—	—	—	(154)	—	—	(154)
Reclassification of cumulative currency translation differences on sale of businesses	26	—	—	—	—	(24)	—	—	(24)
Tax credit/(charge) on items relating to the components of other comprehensive income	5	—	—	—	—	1	(5)	—	(4)
Total other comprehensive loss for the year		—	—	—	—	(177)	(80)	—	(257)
Total comprehensive (loss)/income for the year		—	—	—	—	(177)	277	—	100
Fair value of share-based payments	25	—	—	—	—	20	—	—	20
Change in fair value of non-controlling interest put options		—	—	—	—	(16)	—	—	(16)
Changes to non-controlling interests due to acquisitions and disposals	26	—	—	—	—	—	—	5	5
Release of share awards settled in existing shares purchased in the market		—	—	—	—	(3)	—	—	(3)
Purchase of own shares – employee share-based payments		—	—	—	(3)	—	—	—	(3)
		198	189	295	(5)	3,969	242	28	4,916
Cost of shares transferred to employees		—	—	—	3	—	—	—	3
At 30 September 2021		198	189	295	(2)	3,969	242	28	4,919

1. Other reserves are analysed in note 24.

## CONSOLIDATED BALANCE SHEET

At 30 September 2022

	Notes	30 September 2022 £m	2021 £m
<b>NON-CURRENT ASSETS</b>			
Goodwill	8	<b>5,119</b>	4,550
Other intangible assets	9	<b>1,960</b>	1,617
Costs to obtain and fulfil contracts	10	<b>1,106</b>	923
Right-of-use assets	11	<b>821</b>	759
Property, plant and equipment	12	<b>948</b>	835
Interests in joint ventures and associates	13	<b>270</b>	256
Other investments	14	<b>790</b>	166
Post-employment benefit assets	23	<b>581</b>	353
Trade and other receivables	15	<b>162</b>	129
Deferred tax assets	5	<b>230</b>	212
Derivative financial instruments	19	<b>76</b>	116
Non-current assets		<b>12,063</b>	9,916
<b>CURRENT ASSETS</b>			
Inventories	16	<b>511</b>	327
Trade and other receivables	15	<b>3,988</b>	2,684
Tax recoverable		<b>106</b>	82
Cash and cash equivalents	17	<b>1,983</b>	1,840
Derivative financial instruments	19	<b>71</b>	2
		<b>6,659</b>	4,935
Assets held for sale	26	<b>26</b>	17
Current assets		<b>6,685</b>	4,952
<b>Total assets</b>		<b>18,748</b>	14,868
<b>CURRENT LIABILITIES</b>			
Borrowings	18	<b>(693)</b>	(481)
Lease liabilities	11	<b>(194)</b>	(180)
Derivative financial instruments	19	<b>(6)</b>	(9)
Provisions	22	<b>(269)</b>	(298)
Current tax liabilities		<b>(245)</b>	(169)
Trade and other payables	21	<b>(5,626)</b>	(4,090)
Current liabilities		<b>(7,033)</b>	(5,227)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	18	<b>(3,271)</b>	(3,154)
Lease liabilities	11	<b>(719)</b>	(665)
Derivative financial instruments	19	<b>(237)</b>	(7)
Post-employment benefit obligations	23	<b>(759)</b>	(224)
Provisions	22	<b>(310)</b>	(283)
Deferred tax liabilities	5	<b>(160)</b>	(84)
Trade and other payables	21	<b>(354)</b>	(305)
Non-current liabilities		<b>(5,810)</b>	(4,722)
<b>Total liabilities</b>		<b>(12,843)</b>	(9,949)
<b>Net assets</b>		<b>5,905</b>	4,919
<b>EQUITY</b>			
Share capital	24	<b>198</b>	198
Share premium		<b>189</b>	189
Capital redemption reserve		<b>295</b>	295
Own shares		<b>(519)</b>	(2)
Other reserves	24	<b>4,292</b>	3,969
Retained earnings		<b>1,419</b>	242
<b>Total equity shareholders' funds</b>		<b>5,874</b>	4,891
Non-controlling interests		<b>31</b>	28
<b>Total equity</b>		<b>5,905</b>	4,919

Approved by the Board of Directors on 21 November 2022 and signed on its behalf by:

**DOMINIC BLAKEMORE**, Director  
**PALMER BROWN**, Director

**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 30 September 2022

	Notes	2022 £m	2021 <sup>1</sup> £m
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	27	<b>2,024</b>	1,492
Interest paid		(96)	(121)
Tax received		<b>31</b>	29
Tax paid		(363)	(229)
<b>Net cash flow from operating activities</b>		<b>1,596</b>	1,171
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of subsidiary companies	26	(263)	(157)
Purchase of interests in joint ventures and associates	13	(28)	(5)
Net proceeds/(payments) from sale of subsidiary companies, joint ventures and associates net of exit costs <sup>2</sup>	26	<b>35</b>	(11)
Purchase of intangible assets		(177)	(155)
Purchase of contract fulfilment assets	10	(218)	(231)
Purchase of property, plant and equipment		(282)	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		<b>37</b>	44
Purchase of other investments	14	(42)	(20)
Proceeds from sale of other investments		<b>3</b>	3
Dividends received from joint ventures and associates	13	<b>51</b>	28
Interest received		<b>10</b>	5
<b>Net cash flow from investing activities</b>		<b>(874)</b>	(727)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Purchase of own shares – share buyback programme		(425)	–
Purchase of own shares – employee share-based payments		(6)	(3)
Increase in borrowings		<b>677</b>	–
Repayment of borrowings		(297)	(7)
Net cash flow from derivative financial instruments		(67)	11
Repayment of principal under lease liabilities		(152)	(153)
Purchase of non-controlling interests		(2)	–
Dividends paid to equity shareholders	7	(418)	–
Dividends paid to non-controlling interests		(3)	–
<b>Net cash flow from financing activities</b>	28	<b>(693)</b>	(152)
<b>CASH AND CASH EQUIVALENTS</b>			
Net increase in cash and cash equivalents		<b>29</b>	292
Cash and cash equivalents at 1 October		<b>1,656</b>	1,387
Currency translation gains/(losses) on cash and cash equivalents		<b>47</b>	(25)
<b>Sub-total</b>		<b>1,732</b>	1,654
Cash reclassified from held for sale		–	2
<b>Cash and cash equivalents at 30 September</b>		<b>1,732</b>	1,656
Cash and cash equivalents <sup>3</sup>	17	<b>1,983</b>	1,840
Bank overdrafts <sup>3</sup>	18	(251)	(184)
<b>Cash and cash equivalents at 30 September</b>		<b>1,732</b>	1,656

1. Re-presented to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement. Accordingly, the prior year increase in borrowings has reduced from £11m to £nil and a net cash inflow from derivative financial instruments of £11m has been included.
2. Includes £15m of tax receipts (2021: £43m of tax payments) in respect of prior year business disposals.
3. As per the consolidated balance sheet.

## GROUP ACCOUNTING POLICIES

For the year ended 30 September 2022

### Introduction

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below:

### Basis of preparation

The Group has prepared its consolidated financial statements in accordance with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 51. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Financial Review on pages 14 to 19. The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons stated below.

At 30 September 2022, the Group's financing arrangements included sterling and Euro bonds (£2,783m) and US dollar US Private Placements (USPP) (£927m). In addition, the Group had Revolving Credit Facilities of £2,000m (£140m committed to August 2024 and £1,860m committed to August 2026), which were fully undrawn, and £1,732m of cash, net of overdrafts. At the date of approving these consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

In September, the Group issued €500m (£439m) and £250m of sustainable bonds maturing in 2030 and 2032, respectively. The new bonds effectively pre-finance debt maturities of €500m (£439m) in January 2023 and \$352m (£315m) in October 2023. There are no other debt maturities in the 18 months to 31 March 2024, with the next maturity in July 2024, a €750m (£658m) Eurobond.

The USPP debt is subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 30 September 2022. The Group's other financing arrangements do not contain any financial covenants.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 31 March 2024 (the assessment period) from the most recent three-year strategic plan. We consider 18 months to be a reasonable period for the going concern assessment as it enables us to consider the potential impact of macroeconomic and geopolitical factors over an extended period.

The cash flow projections show that the Group has significant headroom against its committed facilities and meets its financial covenant obligations under the USPP debt agreements without any refinancing.

Climate change and the Group's net zero commitments are not expected to have a material impact during the going concern period. However, the Group is exposed to inflation, supply chain disruption and labour shortages caused by macroeconomic and geopolitical factors, as well as a potential resurgence of COVID-19 and, accordingly, the Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants.

The leverage covenant would be reached in the event that underlying EBITDA reduced by more than 60% of the strategic plan level. The directors do not consider this scenario to be likely given the Group's ability to continue in operation throughout the COVID-19 pandemic, its recovery in underlying revenue in the year to 105% of 2019 levels on a constant-currency basis and the potential for future revenue and profit growth above historical rates. The stress test assumes no share buybacks or new acquisitions and disposals as mitigating actions. Other mitigating actions available to the Group include reductions in discretionary capital expenditure and ceasing dividend payments.

Consequently, the directors are confident that the Group and parent company will have sufficient funds to continue to meet their liabilities as they fall due for at least the period to 31 March 2024 and, therefore, have prepared the financial statements on a going concern basis.

### Changes in accounting policies

There were no new accounting standards or amendments to existing standards effective in the current year that had a significant impact on the Group's consolidated financial statements. There are also a number of changes to accounting standards, effective in future years, which are not expected to significantly impact the Group's consolidated financial statements.

## Judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

### Accounting judgements

There are no judgements that management considers to be critical in the preparation of these financial statements.

Consistent with the prior year, there is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement. Contract fulfilment assets originate when payments are made, normally up front at the start of the client contract, that provide enhanced resources to the Group over the contract term. The Group classifies additions to contract fulfilment assets as investing activities in accordance with IAS 7 Statement of Cash Flows as they arise from cash payments in relation to assets that will generate long-term economic benefits. Further details are provided in note 10.

### Estimation uncertainty

#### *Major sources of estimation uncertainty*

The Group's major sources of estimation uncertainty are in relation to goodwill and post-employment benefits on the basis that a reasonably possible change in key assumptions could have a material effect on the carrying amounts of assets and liabilities in the next 12 months.

##### *– Goodwill*

The Group tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 Impairment of Assets. The recoverable amounts of the Group's cash-generating units (CGU) are determined based on value-in-use calculations which require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. The key assumptions used for the value-in-use calculations and sensitivity analysis are set out in note 8.

##### *– Post-employment benefits*

The Group's defined benefit pension schemes and similar arrangements are assessed half-yearly in accordance with IAS 19 Employee Benefits. The present value of the defined benefit liabilities is based on assumptions determined with independent actuarial advice. The size of the net surplus/deficit is sensitive to the market value of the assets held by the schemes and to actuarial assumptions, including discount rates, inflation, pension and salary increases, and mortality and other demographic assumptions. The key assumptions used to value the liabilities and sensitivity analysis are set out in note 23.

#### *Other sources of estimation uncertainty*

In addition to the major sources of uncertainty, management has identified other sources of estimation uncertainty which are summarised below. Whilst these are not considered to be major sources of uncertainty as defined by IAS 1 Presentation of Financial Statements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties.

##### *– Taxes*

The Group has operations in around 40 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

The changing regulatory environment affecting all multinationals increases the estimation uncertainty associated with calculating the Group's tax position. This is as a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross-border transparency.

The Group estimates and recognises additional tax liabilities as appropriate based on management's interpretation of country-specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

Further details of this are provided in note 5 and note 29.

##### *– Conflict in Ukraine*

During the year, the Group exited the Russian market in response to the conflict in Ukraine, with the disposal of the business completing in March 2022. As noted in the principal risks section of the Strategic Report on page 26, geopolitical tension, including the conflict between Russia and Ukraine, has been recognised as a new principal risk due to the heightened national security threats to countries, particularly in Europe and NATO, and the disruption to the global energy market which has contributed to the elevation of the existing cost inflation, economic and cyber security risks. The potential impact of the conflict in Ukraine on the reported amounts in the financial statements has been considered, in particular the exacerbation of global inflationary pressures on:

- the assessment of the carrying value of goodwill, contract-related non-current assets and trade receivables
- the cash flow forecasts used for the purposes of the going concern and viability assessments

There was no impact on the reported amounts in the financial statements as a result of this review.

## GROUP ACCOUNTING POLICIES CONTINUED

For the year ended 30 September 2022

– *Climate change*

Climate change is identified as a principal risk as its impact on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets (see page 24). The potential impact of climate change has been assessed with scenario analysis conducted in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (see pages 46 and 47). In October 2021, the Group announced a commitment to reach climate net zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050 (see page 49).

The potential impact of climate change and the Group's net zero commitments on the reported amounts in the financial statements has been considered as follows:

- the cash flow forecasts used in the impairment assessments of the carrying value of non-current assets, in particular goodwill (see note 8)
- the cash flow forecasts used to determine the recoverability of deferred tax assets (see note 5)
- the valuation of post-employment benefit assets and liabilities (see note 23)
- the going concern (18 months) and viability (three years) assessments during which the potential impact of climate change is not expected to be significant
- the useful economic lives of tangible fixed assets and their exposure to the physical risks posed by climate change which are not expected to be significant due to the low capital intensity of the Group

There was no impact on the reported amounts in the financial statements as a result of this review.

**UK market volatility**

The 2022 year end has coincided with a period of significant volatility in the UK market following the government's mini-budget announcement on 23 September. In the week after the announcement, sterling weakened against the US dollar, and bond yields and interest rates increased. These movements exacerbated the trends already observed in these variables during the year which have had a significant impact on the Group's financial statements as follows:

- There is a £591m exchange gain (2021: £154m loss) in the translation reserve mainly reflecting the impact of the weakening of sterling against the US dollar from £1:\$1.35 at 30 September 2021 to £1:\$1.12 at 30 September 2022 on the Group's US dollar-denominated assets. The impact of exchange includes a loss of £190m in relation to the effective portion of net investment hedges (2021: £37m gain) (see page 129).
- There is a £1,038m gain (2021: £66m loss) on the remeasurement of pension liabilities largely driven by higher discount rates based on the yield on high-quality corporate bonds. This gain is partly offset by a £668m reduction (2021: £6m) in the market value of pension assets (see page 129 and note 23).
- As a result of an increase in interest rates, there is a £70m gain in the income statement and corresponding increase in the fair value of derivative financial instruments held to minimise volatility in short-term underlying finance costs under which the Group receives floating and pays fixed interest rates. There is a £317m reduction in the fair value of derivative financial instruments held to swap longer-term fixed-rate debt to floating interest rates which is offset by a £320m reduction in the carrying value of those borrowings through fair value hedge accounting (see notes 4 and 19).

**Basis of consolidation**

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint arrangements and associates made up to 30 September each year.

**Subsidiaries, joint arrangements and associates****Subsidiaries**

Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing control.

**Joint arrangements**

Joint arrangements are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and other entities under a contractual agreement. The Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the agreements covering the joint operations. Joint ventures are accounted for using the equity method.

**Associates**

Associates are undertakings that are not subsidiaries or joint arrangements over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of the profit after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

**Adjustments**

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

**Acquisitions and disposals**

The results of subsidiaries, associates or joint arrangements acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

**Intra-group transactions**

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group subsidiary transacts with a joint operation of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant joint operation.

## Acquisitions

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued.

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale which are recognised and measured at fair value less costs to sell.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Where not all the equity of a subsidiary is acquired, the non-controlling interest is recognised at the non-controlling interest's proportionate share of the net assets of the subsidiary. Put options over non-controlling interests are recognised as a financial liability measured at fair value which is re-evaluated at each year end with a corresponding entry in other reserves.

## Foreign currency

The consolidated financial statements are prepared in sterling, which is the functional and reporting currency of the Company.

In preparing the financial statements of individual companies within the Group, transactions in currencies other than the companies' functional currency are recorded at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates on the balance sheet date. Gains and losses arising on retranslation are included in the consolidated income statement for the year, except for where they arise on items taken directly to other comprehensive income, in which case they are also recognised in the consolidated statement of comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward currency contracts (see the Group's accounting policies in respect of derivative financial instruments).

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

## Revenue and contract costs

Revenue represents income derived from contracts for the provision of food and support services by the Group to customers in exchange for consideration in the normal course of business. The Group's revenue is comprised of revenues under its contracts with clients. Clients engage the Group to provide food and support services at their locations. Depending on the type of client and service, we are paid either by our client and/or directly by the consumers to whom we have been provided access by our client, such as the client's employees, visitors, pupils, patients and spectators. Payment terms are set at contract level and vary according to country, sector and individual client.

## Performance obligations

The Company recognises revenue when its performance obligations are satisfied. Performance obligations are satisfied as control of the goods and services is transferred to the client and/or consumers. In certain cases, clients engage us to provide food and support services in a single multi-service contract. We recognise revenue for each separate performance obligation in respect of food and support services as these are provided. There is little judgement involved in determining if a performance obligation has been satisfied.

At contract inception, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract. Performance obligations are usually clearly identified within contracts and revenue is recognised for each separate performance obligation. Generally, where the Group has the obligation to its clients to make available the provision of food service for a predetermined period, its performance obligation represents a series of services delivered over time. There are also contracts under which the Group sells products directly to consumers and these performance obligations represent a transfer of a good at a point in time.

## Transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding value added tax and similar sales taxes. For example, the transaction price may be based on a price per meal, which may vary with volume, or could be based on costs incurred plus an agreed management fee.

The Group makes a variety of ongoing payments to clients, mainly commissions, concession rentals and reimbursement of utility costs. These are assessed for treatment as consideration paid to customers and where they are not in exchange for a distinct good or service they are recognised as a reduction of the transaction price. In addition, the Group may make a cash payment to a client typically at the start of a contract which is not an investment in service assets and does not generate or enhance the Group's resources. Such payments are reported as prepayments and, as they are considered not to be in exchange for a distinct good or service, they are charged to the income statement as a deduction to revenue recognised over the contract term rather than as an operating cost.

## GROUP ACCOUNTING POLICIES CONTINUED

For the year ended 30 September 2022

**Timing of revenue recognition**

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time.

The Group has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Group as the food service and/or support service are rendered at the client site. In these circumstances, revenue is recognised at the amount which the Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance completed to date. Where the Group is contracted to sell directly to consumers, for example, in a retail café concession, the performance obligation is satisfied at a point in time, namely when the products are sold to the consumer.

The nature, amount, timing and uncertainty of revenue and cash flows for performance obligations within a contract that are satisfied over time and at a point in time are considered to be similar and they are affected by the same economic factors.

**Costs to obtain a contract**

Costs incurred during the bidding period, prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset.

The incremental costs to obtain a contract with a customer, such as commissions to the salesforce, are capitalised if it is expected that those costs will be recoverable. Only commissions directly attributable to an individual contract award are capitalised, while commissions payable due to multiple contract wins or due to a portfolio of client contracts are expensed as incurred as they cannot be directly attributable to an identified contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

**Costs to fulfil a contract**

Costs incurred in the fulfilment of the Group's obligations to the client under the contract are recognised in the consolidated balance sheet and include contributions towards service assets, such as kitchen and restaurant fit-out costs and equipment, which are capitalised as contract fulfilment assets. Contract fulfilment costs covered within the scope of another accounting standard, such as property, plant and equipment and intangible assets, are not capitalised as contract fulfilment assets, but are treated according to other standards.

**Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract**

Contract fulfilment assets are amortised on a straight-line basis over the shorter of the life of the client contract and the useful economic life of the assets. The amortisation charge is included within operating costs. Costs incurred to obtain a contract are unwound over the life of the client contract as an expense.

Capitalised costs are derecognised either when disposed of or when no further economic benefits are expected to flow from their use or disposal.

Whenever impairment indicators exist, the Group determines the recoverability of the contract fulfilment assets and capitalised costs to obtain a contract by comparing their carrying amount to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

**Rebates and other amounts received from suppliers**

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates.

Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period.

Rebates received in respect of plant and equipment are deducted from the costs capitalised and are recognised in the consolidated income statement in line with depreciation.

Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed.

Rebates relating to items purchased, but still held at the balance sheet date, are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

**Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

**Operating profit**

Operating profit is stated after the share of profit after tax of joint ventures and associates, and before finance costs.

**Specific adjusting items**

Specific adjusting items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Further details are provided in note 33.

**Tax**

Income tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement except where it relates to items taken directly to the consolidated statement of comprehensive income or equity, in which case it is recognised in the consolidated statement of comprehensive income or equity as appropriate.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted in respect of that period at the balance sheet date. Tax benefits are recognised if it is probable that these will be accepted by the relevant tax authorities.

Subsequently, they are reviewed each year to assess whether provisions against full recognition of the benefits are necessary.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

## Intangible assets

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business and relates to the total business for a country. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the consolidated income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

### Other intangible assets

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, at fair value at the date of the acquisition.

Group investment in rights to generate significant consumer revenue under client contracts is recognised at cost as other intangible assets.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. Implementation services are assessed to determine whether they are distinct from the underlying use of the software. Where implementation services are not distinct, the cost is expensed as incurred. Where implementation services are distinct, an intangible asset is recognised if it satisfies the conditions for recognition as an intangible asset in accordance with IAS 38 Intangible Assets, otherwise the cost is expensed as incurred.

Amortisation is charged on a straight-line basis over the expected useful lives of the assets. Intangible assets are reviewed for impairment annually.

The following rates applied for the Group:

- client contract-related intangible assets: the life of the contract
- computer software: 10% to 33% per annum

The typical useful life of contract-related intangibles ranges from 2 to 20 years.

Client contract-related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract, including the renewal period where appropriate. Underlying operating profit and underlying earnings per share exclude the amortisation of contract-related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

Other intangible assets are tested for impairment if there are any indicators of impairment.

### Property, plant and equipment

All tangible fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. Freehold land is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is provided on a straight-line basis over the anticipated useful lives of the assets.

The following rates applied for the Group:

- freehold buildings: 2% per annum
- plant and machinery: 8% to 33% per annum
- fixtures and fittings: 8% to 33% per annum

When assets are sold, the difference between the sales proceeds and the carrying amount of the assets is recognised in the consolidated income statement.

Property, plant and equipment is tested for impairment if there are any indicators of impairment.

## GROUP ACCOUNTING POLICIES CONTINUED

For the year ended 30 September 2022

**Assets held for sale**

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell. Goodwill is allocated to the held for sale business on a relative fair value basis where this business forms part of a larger CGU. Investments in joint ventures and associates that have been classified as held for sale are no longer accounted for using the equity method.

If the non-current asset or disposal group that ceases to be classified as held for sale is a subsidiary, joint venture or associate, prior year comparatives are restated for the periods since classification as held for sale and accounted for retrospectively.

**Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using either the weighted average price or the first in, first out method as appropriate to the circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**Financial instruments**

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and derecognised when it ceases to be party to such provisions. Financial assets are classified as current if they are expected to be received within 12 months of the balance sheet date. Financial liabilities are classified as current if they are legally due to be paid within 12 months of the balance sheet date.

Financial assets and liabilities, including derivative financial instruments, denominated in foreign currencies are translated into sterling at period-end exchange rates. Financial assets are classified as either fair value through profit and loss, fair value through other comprehensive income or amortised cost. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

**Investments**

Other investments comprising debt and equity instruments are recognised at fair value plus direct transaction costs.

Debt instruments are classified at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. When the debt instrument is derecognised, cumulative amounts in other comprehensive income are reclassified to the income statement.

Equity investments have been irrevocably designated at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, and are not subsequently reclassified to the Group income statement, including on derecognition. Impairment losses are not recognised separately from other changes in fair value. Dividends are recognised in the Group income statement when the Group's right to receive payment is established.

Other investments that are not equity investments, whose cash flows are not solely principal and interest or are not held in order to collect contractual cash flows, are classified and measured at fair value through profit and loss. Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

**Trade receivables**

The carrying value of all trade receivables is recorded at amortised cost and reduced by provisions for impairment, which are measured at an amount equal to lifetime expected credit losses. In determining credit risk, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, and forward-looking information.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, money market funds and short-term deposits with an original maturity of three months or less. Cash and overdrafts are presented on a net basis when the Group has a legally enforceable right to set off the balances and it regularly settles the balances on a net basis.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

**Trade payables**

Trade payables are not interest bearing and are stated at their nominal value.

## Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or net investment hedges where they hedge the exposure to foreign currency arising from a net investment in foreign operations.

On adoption of IFRS 9 Financial Instruments, the Group elected to continue to apply hedge accounting guidance in IAS 39 Financial Instruments: Recognition and Measurement.

### Fair value hedges

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the consolidated income statement. Where the adjustment is to an unrecognised firm commitment, an asset or liability is recognised on the balance sheet. When the hedged transaction occurs, that asset or liability is recognised in the initial measurement of the acquisition cost and carrying amount of the asset or liability. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

### Net investment hedges

The Group uses foreign currency-denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The Group designates these as a hedge of its net investments in foreign operations and recognises the gains or losses on the retranslation of the borrowings in other comprehensive income. If the Group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in other comprehensive income, with any ineffective portion being recognised immediately in the income statement. Exchange differences arising from a monetary item receivable from or payable to a Group foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Gains and losses accumulated in other comprehensive income are recycled through the consolidated income statement on disposal of the foreign operation.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the consolidated income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

## Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The Group allocates the consideration in the contract to each lease and non-lease component. The non-lease component, where it is separately identifiable, is not included in the right-of-use asset.

When a lease is recognised in a contract the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets with an initial fair value less than approximately £5,000 and short-term leases of 12 months or less. For these leases, the lease payments are charged to the income statement as an operating expense on a straight-line basis over the period of the lease.

The right-of-use asset is initially measured at cost, comprising the initial lease liability adjusted for any lease payments already made, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. The right-of-use asset is tested for impairment if there are any indicators of impairment.

## GROUP ACCOUNTING POLICIES CONTINUED

For the year ended 30 September 2022

The lease liability is measured at the present value of the lease payments that are reasonably certain and not paid at the commencement date, discounted at the lessee's incremental borrowing rate specific to the term, country and start date of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method. The lease liability is remeasured, with a corresponding adjustment to the right-of-use asset, by discounting the revised lease payments as follows:

- using the initial discount rate at the inception of the lease when lease payments change as a result of changes to residual value guarantees and changes in an index other than a floating interest rate
- using a revised discount rate when lease payments change as a result of the Group's reassessment of whether it is reasonably certain to exercise a purchase, extension or termination option, changes in the lease term or as a result of a change in floating interest rates

The lease term is the non-cancellable period beginning at the contract commencement date plus periods covered by an option to extend the lease, if it is reasonably certain that the Group will exercise the option, and periods covered by an option to terminate the lease, if it is reasonably certain that the Group will not exercise this option.

Variable lease payments that are not included in the measurement of the lease liability are recognised in the consolidated income statement in the period in which the event or condition that triggers payment occurs.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. Restructuring provisions are recognised if a detailed restructuring plan is in place, a valid expectation that the plan will be implemented has been created in those impacted by it and there is a reliable estimate of the costs involved. Restructuring provisions only include the direct costs of the restructuring and exclude future operating costs. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### Employee benefits

#### Pension obligations

The Group operates two types of pension plans:

- defined contribution plans where the Group makes contributions to a member's pension plan, but has no further payment obligations once the contributions have been paid
- defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules

For defined contribution plans, the Group pays contributions to separately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions payable by the Group in respect of defined contribution plans are charged to the consolidated income statement when they are due. Payments made to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit plans, the calculation of the defined benefit obligation is performed half-yearly by a qualified actuary using the projected unit credit method. The consolidated balance sheet reflects a net asset or net liability for each defined benefit pension plan. The net asset or liability recognised is the present value of the defined benefit obligation discounted using the yields on high-quality corporate bonds, less the fair value of plan assets (at bid price), if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund.

For the UK defined benefit plan, the Group considers that it has an unconditional right to a refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent. The Group's judgement is that these trustee rights do not prevent the Group from recognising an unconditional right to a refund and therefore a surplus.

Net interest income (if a plan is in surplus) or net interest expense (if a plan is in deficit) is calculated using yields on high-quality corporate bonds and recognised in the consolidated income statement. A current service cost is recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period.

Remeasurements, which include gains and losses as a result of changes in actuarial assumptions, the effect of the limit on the plan surplus (if any) and returns on plan assets (other than amounts included in net interest) are recognised in the consolidated statement of comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

### **Other post-employment obligations**

Some Group companies provide other post-employment benefits. The expected costs of these benefits are accrued over the period of employment using a similar basis to that used for defined benefit pension schemes. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

The non-qualified deferred compensation plan in the US (Rabbi Trust) does not meet the definition of a defined contribution scheme under IAS 19 and is, therefore, accounted for as a defined benefit scheme.

### **Share-based payments**

The Group issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

### **Holiday pay**

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the consolidated income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not taken.

### **Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction against the related expenses in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred.

### **Own shares**

The own shares reserve represents shares in Compass Group PLC held either in treasury, including transaction costs, or by employee share trusts to satisfy liabilities to employees for long-term incentive plans. Own shares are treated as a deduction to equity until the shares are cancelled, reissued or sold, at which point they are transferred to retained earnings. The nominal value of shares in the Company purchased and subsequently cancelled is shown as a reduction in share capital and an equal and opposite transfer to the capital redemption reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 30 September 2022

## 1 SEGMENTAL ANALYSIS

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, Europe and Rest of World.

REVENUE <sup>1,2</sup>	Geographical segments			Total £m
	North America £m	Europe £m	Rest of World £m	
<b>YEAR ENDED 30 SEPTEMBER 2022</b>				
Business & Industry	4,805	2,660	936	8,401
Education	3,782	874	173	4,829
Healthcare & Senior Living	5,437	1,001	404	6,842
Sports & Leisure	2,854	738	89	3,681
Defence, Offshore & Remote	261	662	1,095	2,018
<b>Underlying revenue<sup>3,4</sup></b>	<b>17,139</b>	<b>5,935</b>	<b>2,697</b>	<b>25,771</b>
Less: Share of revenue of joint ventures	(18)	(241)	—	(259)
<b>Revenue</b>	<b>17,121</b>	<b>5,694</b>	<b>2,697</b>	<b>25,512</b>
<b>YEAR ENDED 30 SEPTEMBER 2021</b>				
Business & Industry	2,759	2,100	746	5,605
Education	2,449	680	137	3,266
Healthcare & Senior Living	4,582	930	389	5,901
Sports & Leisure	1,169	330	46	1,545
Defence, Offshore & Remote	211	601	1,007	1,819
<b>Underlying revenue<sup>3,4</sup></b>	<b>11,170</b>	<b>4,641</b>	<b>2,325</b>	<b>18,136</b>
Less: Share of revenue of joint ventures	(21)	(207)	—	(228)
<b>Revenue</b>	<b>11,149</b>	<b>4,434</b>	<b>2,325</b>	<b>17,908</b>

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows is considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was £1,975m (2021: £1,446m). Underlying revenue arising in the US region was £16,274m (2021: £10,582m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was £23,796m (2021: £16,690m).

PROFIT	Geographical segments				Total £m
	North America £m	Europe £m	Rest of World £m	Central activities £m	
<b>YEAR ENDED 30 SEPTEMBER 2022</b>					
Underlying operating profit/(loss) before results of joint ventures and associates	1,226	262	141	(86)	1,543
Add: Share of profit before tax of joint ventures	1	28	—	—	29
Add: Share of results of associates	9	9	—	—	18
<b>Underlying operating profit/(loss)<sup>1</sup></b>	<b>1,236</b>	<b>299</b>	<b>141</b>	<b>(86)</b>	<b>1,590</b>
Less: Acquisition-related costs <sup>2</sup>	(57)	(30)	(4)	(1)	(92)
Add: COVID-19 resizing credit <sup>2</sup>	4	—	—	—	4
Less: Tax on share of profit of joint ventures <sup>2</sup>	—	(2)	—	—	(2)
<b>Operating profit/(loss)</b>	<b>1,183</b>	<b>267</b>	<b>137</b>	<b>(87)</b>	<b>1,500</b>
Net loss on sale and closure of businesses <sup>2</sup>					(7)
Finance costs					(24)
<b>Profit before tax</b>					<b>1,469</b>
Income tax expense					(352)
<b>Profit for the year</b>					<b>1,117</b>

1. Operating profit excluding specific adjusting items (see note 33).
2. Specific adjusting item (see note 33).

## 1 SEGMENTAL ANALYSIS CONTINUED

PROFIT	Geographical segments				Total £m
	North America £m	Europe £m	Rest of World £m	Central activities £m	
<b>YEAR ENDED 30 SEPTEMBER 2021</b>					
Underlying operating profit/(loss) before results of joint ventures and associates	605	117	130	(73)	779
Add: Share of profit before tax of joint ventures	3	30	—	—	33
Add: Share of results of associates	(1)	—	—	—	(1)
Underlying operating profit/(loss) <sup>1</sup>	607	147	130	(73)	811
Less: Acquisition-related costs <sup>2</sup>	(47)	(57)	(2)	—	(106)
Less: COVID-19 resizing costs <sup>2</sup>	—	(149)	(8)	—	(157)
Less: One-off pension charge <sup>2</sup>	—	(2)	—	—	(2)
Less: Tax on share of profit of joint ventures <sup>2</sup>	—	(1)	—	—	(1)
Operating profit/(loss)	560	(62)	120	(73)	545
Net gain on sale and closure of businesses <sup>2</sup>					10
Finance costs					(91)
Profit before tax					464
Income tax expense					(107)
Profit for the year					357

1. Operating profit excluding specific adjusting items (see note 33).

2. Specific adjusting item (see note 33).

	Geographical segments				Central activities £m	Unallocated Current and deferred tax £m	Net debt £m	Total £m
	North America £m	Europe £m	Rest of World £m					
<b>AT 30 SEPTEMBER 2022</b>								
Total assets	<b>9,872</b>	<b>4,500</b>	<b>1,196</b>	<b>714</b>	<b>336</b>	<b>2,130</b>	<b>18,748</b>	
Total liabilities	(4,768)	(1,512)	(770)	(268)	(405)	(5,120)	(12,843)	
<b>Net assets/(liabilities)</b>	<b>5,104</b>	<b>2,988</b>	<b>426</b>	<b>446</b>	<b>(69)</b>	<b>(2,990)</b>	<b>5,905</b>	
<i>Total assets include:</i>								
Interests in joint ventures and associates	84	182	4	—	—	—	270	
Non-current assets <sup>1</sup>	<b>7,187</b>	<b>3,340</b>	<b>527</b>	<b>703</b>	<b>230</b>	<b>76</b>	<b>12,063</b>	
<b>AT 30 SEPTEMBER 2021</b>								
Total assets	6,885	4,285	979	467	294	1,958	14,868	
Total liabilities	(2,913)	(1,444)	(589)	(254)	(253)	(4,496)	(9,949)	
Net assets/(liabilities)	3,972	2,841	390	213	41	(2,538)	4,919	
<i>Total assets include:</i>								
Interests in joint ventures and associates	44	180	32	—	—	—	256	
Non-current assets <sup>1</sup>	<b>5,258</b>	<b>3,362</b>	<b>510</b>	<b>458</b>	<b>212</b>	<b>116</b>	<b>9,916</b>	

1. Non-current assets located in the UK, the Group's country of domicile, were £1,927m (2021: £1,923m). Non-current assets located in the US region were £6,749m (2021: £4,872m). Non-current assets located in all foreign countries in which the Group holds assets were £10,136m (2021: £7,993m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

**1 SEGMENTAL ANALYSIS CONTINUED**

Notes	Geographical segments				Total £m
	North America £m	Europe £m	Rest of World £m	Central activities £m	
<b>YEAR ENDED 30 SEPTEMBER 2022</b>					
Additions to other intangible assets	9	117	26	7	27
Additions to contract fulfilment assets	10	211	3	4	—
Additions to right-of-use assets	11	63	43	15	1
Additions to property, plant and equipment	12	166	84	34	—
Amortisation of other intangible assets <sup>1</sup>	9	124	51	11	5
Amortisation of contract fulfilment assets	10	208	3	3	—
Depreciation of right-of-use assets	11	70	74	11	1
Depreciation of property, plant and equipment	12	148	74	37	1
Impairment losses	2	5	10	—	—
Impairment reversals	2	—	(2)	—	(2)
Other non-cash expenses <sup>2</sup>	25	14	7	4	9
Assets held for sale	26	—	—	26	—
<b>YEAR ENDED 30 SEPTEMBER 2021</b>					
Additions to other intangible assets	9	90	27	4	33
Additions to contract fulfilment assets	10	226	3	2	—
Additions to right-of-use assets	11	48	48	12	—
Additions to property, plant and equipment	12	129	70	26	—
Amortisation of other intangible assets <sup>1</sup>	9	100	45	11	3
Amortisation of contract fulfilment assets	10	192	4	4	—
Depreciation of right-of-use assets	11	65	77	13	1
Depreciation of property, plant and equipment	12	129	80	39	2
Impairment losses	2	25	12	2	—
Impairment reversals	2	—	(4)	—	—
Other non-cash expenses <sup>2</sup>	25	9	4	2	5
Assets held for sale	26	—	—	17	—

1. Including the amortisation of intangibles arising on acquisition.

2. Other non-cash expenses represent share-based payments.

## 2 OPERATING COSTS

OPERATING COSTS	Notes	2022 £m	2021 £m
<i>Cost of food and materials:</i>			
Cost of inventories consumed		<b>6,931</b>	4,490
<i>Labour costs:</i>			
Employee remuneration	3	<b>12,163</b>	9,328
<i>Overheads:</i>			
Commissions and fees paid to clients		<b>1,054</b>	359
Amortisation – other intangible assets	9	<b>100</b>	79
Amortisation – contract fulfilment assets	10	<b>214</b>	200
Depreciation – right-of-use assets	11	<b>156</b>	156
Depreciation – property, plant and equipment	12	<b>260</b>	250
Impairment losses – other intangible assets <sup>1</sup>	9	<b>3</b>	8
Impairment losses – contract fulfilment assets <sup>1</sup>	10	<b>3</b>	11
Impairment losses – right-of-use assets <sup>1</sup>	11	<b>4</b>	5
Impairment losses – property, plant and equipment <sup>1</sup>	12	<b>5</b>	10
Impairment reversals – right-of-use assets	11	<b>(3)</b>	–
Impairment reversals – property, plant and equipment	12	<b>(1)</b>	(4)
COVID-19 resizing (credit)/costs <sup>2</sup>		<b>(4)</b>	157
Net impairment losses/(gains) on trade receivables	15	<b>23</b>	(28)
Net impairment losses on other receivables	15	<b>6</b>	7
Expense relating to short-term leases, low-value assets and variable lease payments	11	<b>122</b>	87
Audit and non-audit services (see below)		<b>7</b>	7
Other expenses		<b>2,922</b>	2,166
<b>Operating costs before acquisition-related costs<sup>2</sup></b>		<b>23,965</b>	17,288
Amortisation – intangible assets arising on acquisition	9	<b>91</b>	80
Impairment losses – intangible assets arising on acquisition	9	<b>–</b>	5
Acquisition transaction costs	26	<b>10</b>	10
Adjustment to contingent consideration on acquisition		<b>(9)</b>	11
<b>Total</b>		<b>24,057</b>	17,394

1. 2021 impairment losses on contract-related non-current assets (£32m) and other assets (£2m) re-presented by asset category.

2. Specific adjusting item (see note 33).

### COVID-19 resizing costs

When the pandemic began in March 2020, the Group adjusted its business model to the new trading environment, and incurred £122m of resizing costs in the year ended 30 September 2020 and a further charge for costs of £157m was recognised in the year ended 30 September 2021. These costs were excluded from the Group's underlying results (see note 33). No COVID-19 resizing costs were recognised during the year ended 30 September 2022, although there was a £4m reversal of unutilised provisions (2021: £nil). A total of £57m (2021: £186m) has been paid during the year in relation to programmes aimed at resizing the business.

### Government grants and other COVID-19 assistance

During the year ended 30 September 2022, the Group continued to utilise government support to mitigate the impact of the COVID-19 pandemic where appropriate and recognised £51m (2021: £254m) in respect of temporary wage and other support schemes.

### Audit and non-audit services

AUDIT AND NON-AUDIT SERVICES		2022 £m	2021 £m
<b>AUDIT SERVICES</b>			
Fees payable for the audit of the Company and consolidated financial statements		<b>1.8</b>	1.4
Fees payable for the audit of the Company's subsidiaries and joint ventures		<b>5.0</b>	4.9
<b>Total</b>		<b>6.8</b>	6.3
<b>NON-AUDIT SERVICES</b>			
Audit-related assurance		<b>0.3</b>	0.3
<b>Total</b>		<b>0.3</b>	0.3
<b>AUDIT AND NON-AUDIT SERVICES</b>			
<b>Total</b>		<b>7.1</b>	6.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

### 3 EMPLOYEES

<u>AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES</u>		2022	2021
North America		<b>248,937</b>	229,740
Europe		<b>158,503</b>	150,331
Rest of World		<b>106,267</b>	97,999
<b>Total</b>		<b>513,707</b>	478,070

<u>AGGREGATE REMUNERATION OF ALL EMPLOYEES, INCLUDING DIRECTORS</u>		2022	2021
	Notes	£m	£m
Wages and salaries		<b>10,285</b>	7,769
Social security costs		<b>1,645</b>	1,391
Share-based payments	25	<b>34</b>	20
Pension costs – defined contribution plans	23	<b>175</b>	124
Pension costs – defined benefit plans	23	<b>24</b>	24
<b>Total</b>		<b>12,163</b>	9,328

In addition to the pension costs shown in operating costs above, there is an interest charge on net post-employment benefit obligations of £12m (2021: £2m income).

The remuneration of directors and key management personnel<sup>1</sup> is set out below. Additional information on directors' and key management remuneration, long-term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 86 to 113 and forms part of these accounts.

<u>REMUNERATION OF KEY MANAGEMENT PERSONNEL<sup>1</sup></u>		2022	2021
		£m	£m
Salaries		<b>7.7</b>	7.4
Other short-term employee remuneration		<b>10.2</b>	8.5
Share-based payments		<b>6.1</b>	3.8
Pension salary supplement		<b>0.6</b>	1.2
Termination payments <sup>2</sup>		—	0.2
<b>Total</b>		<b>24.6</b>	21.1

1. Key management personnel is defined as the Board and the individuals who made up the Executive Committee from time to time during the year, more details of which can be found on pages 54 to 60.

2. Termination payments include compensation for loss of office and statutory redundancy and exclude contractual pay in lieu of notice.

## 4 FINANCE COSTS

FINANCE COSTS	Notes	2022 £m	2021 £m
Interest on cash and cash equivalents		<b>9</b>	4
Interest on net post-employment benefit assets	23	—	2
Other		<b>2</b>	1
<b>Finance income</b>		<b>11</b>	7
Interest on bank loans and overdrafts		(3)	(4)
Interest on other borrowings <sup>1</sup>		(68)	(78)
Interest on lease liabilities	11	(35)	(35)
Unwinding of discount on provisions	22	(5)	(3)
<b>Finance expense</b>		<b>(111)</b>	(120)
Net gains on derivative financial instruments in a fair value hedge		3	11
Net gains on derivative financial instruments at fair value through profit or loss		70	11
Change in fair value of investments at fair value through profit or loss	14	(5)	1
Dividends received from Rabbi Trust investments <sup>2</sup>	14	20	—
Interest on net post-employment benefit obligations <sup>2</sup>	23	(12)	—
Other		—	(1)
<b>Other financing items<sup>3</sup></b>		<b>76</b>	22
<b>Total</b>		<b>(24)</b>	(91)

1. Includes interest income on derivative financial instruments in a fair value hedge of £19m (2021: £34m) and interest income on derivative financial instruments at fair value through profit or loss of £2m (2021: £7m expense).

2. See page 181.

3. Specific adjusting item (see note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

## 5 TAX

	2022 £m	2021 £m
<b>INCOME TAX EXPENSE</b>		
<b>CURRENT TAX</b>		
Current year	322	226
Adjustment in respect of prior years	28	(7)
<b>Current tax expense</b>	<b>350</b>	219
<b>DEFERRED TAX</b>		
Current year	39	(84)
Impact of changes in statutory tax rates	2	(16)
Adjustment in respect of prior years	(39)	(12)
<b>Deferred tax charge/(credit)</b>	<b>2</b>	(112)
<b>TOTAL</b>		
<b>Income tax expense</b>	<b>352</b>	107

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 19% (2021: 19%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The income tax effects of the adjustments between statutory and underlying results are shown in note 33 to the consolidated financial statements. There is no difference between the statutory and underlying net cash tax paid of £332m (2021: statutory and underlying £200m).

	2022 £m	2021 £m
<b>RECONCILIATION OF EFFECTIVE TAX RATE</b>		
Profit before tax	1,469	464
Notional income tax expense at the effective UK statutory rate of 19% (2021: 19%) on profit before tax	279	88
Effect of different tax rates of subsidiaries operating in other jurisdictions	69	43
Impact of changes in statutory tax rates	2	(16)
Permanent differences	11	12
Impact of share-based payments	—	(2)
Tax on profit of joint ventures and associates	(1)	(1)
Unrelieved current year tax losses	3	2
Prior year items	(11)	(19)
<b>Income tax expense</b>	<b>352</b>	107

Permanent differences includes the current year movement in our estimated liability for uncertain tax positions, the benefit of tax credits and incentives and internal financing that is in place to ensure the Group's overseas businesses are appropriately capitalised. Prior year items relate to the reassessment of prior year tax estimates and the resolution of open items.

Tax uncertainties and associated risks are increasing for all multinational groups as a consequence of changes to local and international tax rules. Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross-border transactions. The Group has recognised provisions in respect of uncertain tax positions, none of which is individually material. In determining such liabilities, having regard to the specific circumstances of each tax position and external advice where appropriate, the Group assesses the range of potential outcomes and estimates whether additional tax may be due.

The Group is currently subject to a number of reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues.

The Canadian Revenue Agency is continuing its enquiry into an intra-group financing arrangement implemented in July 2015. Compass Group Canada Limited and Canteen of Canada Limited have received assessments to additional federal and provincial taxes totalling £79m (£60m of tax and £19m of interest) and further assessments may be issued. We have considered a range of possible outcomes in assessing the liability and the provision is unchanged from the previous year.

In March 2022, the UK tax authority indicated that it may seek to challenge aspects of an intra-group refinancing undertaken in 2013. The challenge relates to the deductibility of interest for UK corporation tax purposes for the period from June 2013 to December 2016 on certain loans which formed part of that refinancing. We have had further discussions with the tax authority and, although they have not determined whether or how to challenge the arrangement, we consider that it is now appropriate to record a provision based on a range of possible outcomes. Our maximum potential liability is £62m of tax and £12m of interest.

The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2022 (see also note 29).

## 5 TAX CONTINUED

The global nature of the Group's operations gives rise to various factors which could affect the future tax rate. These include the mix of profits, changes to overseas statutory tax rates or tax legislation and the foreign exchange rates applicable when those profits are translated into sterling. The UK government has enacted an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. In addition, the future tax charge may be affected by the impact of acquisitions, disposals or other restructurings and the resolution of open issues with tax authorities.

The OECD Pillar Two framework and subsequent UK draft legislation to introduce a global minimum tax rate for large multinationals will, as currently proposed, apply to the Group for the year ending 30 September 2025. The impact is not expected to be material and the Group is continuing to monitor developments.

TAX CHARGED TO OTHER COMPREHENSIVE INCOME		2022 £m	2021 £m
Current and deferred tax charge on actuarial and other movements on post-employment benefits		65	5
Current and deferred tax credit on foreign exchange movements		—	(1)
<b>Total</b>		<b>65</b>	<b>4</b>

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)	Tax depreciation £m	Intangibles and contract fulfilment assets £m	Net pensions and post- employment benefits £m	Tax losses £m	Net self-funded insurance provisions £m	Net short-term temporary differences £m	Total £m
							£m
At 1 October 2020	(75)	(396)	94	61	76	266	26
Credit/(charge) to income	48	(1)	14	32	(1)	20	112
(Charge)/credit to other comprehensive income	—	—	(5)	—	—	1	(4)
Sale and closure of businesses	—	—	—	—	—	(1)	(1)
Exchange adjustment	6	15	(7)	(3)	(3)	(13)	(5)
At 30 September 2021	(21)	(382)	96	90	72	273	128
Credit/(charge) to income	(15)	4	6	2	6	(5)	(2)
Charge to other comprehensive income	—	—	(63)	—	—	—	(63)
Business acquisitions	—	(6)	—	—	—	—	(6)
Sale and closure of businesses	—	—	—	—	—	(1)	(1)
Reclassification	—	(2)	—	—	—	2	—
Exchange adjustment	(20)	(59)	31	3	16	43	14
<b>At 30 September 2022</b>	<b>(56)</b>	<b>(445)</b>	<b>70</b>	<b>95</b>	<b>94</b>	<b>312</b>	<b>70</b>

Net short-term temporary differences relate principally to provisions and other liabilities of overseas subsidiaries. After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

NET DEFERRED TAX BALANCE		2022 £m	2021 £m
Deferred tax assets		230	212
Deferred tax liabilities		(160)	(84)
<b>Net deferred tax asset</b>		<b>70</b>	<b>128</b>

Deferred tax assets of £230m (2021: £212m) include £95m (2021: £90m) relating to the carry forward of unused tax losses. These arose predominantly in subsidiaries that incurred losses during the COVID-19 period, including charges incurred for restructuring costs. The directors consider it probable that sufficient taxable profit will be available against which the unused tax losses can be utilised. Management expects these deferred tax assets to be utilised over a period of between one and five years. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, management derived their forecasts from the most recent three-year strategic plan approved by management used for the purposes of reviewing goodwill for impairment (see note 8), updated for the effect of applicable tax laws and regulations relevant to those future taxable profits. No reasonably possible change in any of the key assumptions would result in a significant reduction in projected taxable profits such that the recognised deferred tax asset would not be realised.

Deferred tax assets have not been recognised in respect of tax losses of £323m (2021: £267m) and other temporary differences of £21m (2021: £21m). Of the unrecognised tax losses, £269m (2021: £236m) will expire at various dates between 2023 and 2031. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The Group does not recognise any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries totalling £636m (2021: £567m) because it is able to control the timing of reversal of these differences. It is probable that no reversal will take place in the foreseeable future.

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For the year ended 30 September 2022

## 6 EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year attributable to equity shareholders and the weighted average number of shares in issue during the year.

	2022 £m	2021 £m
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>	<b>1,113</b>	357
<b>Profit for the year attributable to equity shareholders</b>	<b>1,113</b>	357
<b>AVERAGE NUMBER OF SHARES</b>	<b>2022 Ordinary shares of 11<sup>1/20</sup>p each millions</b>	2021 Ordinary shares of 11 <sup>1/20</sup> p each millions
Average number of shares for basic earnings per share	1,779	1,784
Dilutive share options	—	1
<b>Average number of shares for diluted earnings per share</b>	<b>1,779</b>	1,785
<b>EARNINGS PER SHARE</b>	<b>2022 pence</b>	2021 pence
Basic	62.6p	20.0p
Diluted	62.6p	20.0p

Underlying earnings per share for the year ended 30 September 2022 was 63.0p (2021: 29.5p). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related costs, COVID-19 resizing costs, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, together with the tax attributable to these amounts (see note 33).

## 7 DIVIDENDS

A final dividend in respect of 2022 of 22.1p per share, £389m in aggregate<sup>1</sup>, has been proposed, giving a total dividend in respect of 2022 of 31.5p per share (2021: 14.0p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 9 February 2023 and has not been included as a liability in these financial statements.

	2022 Dividends per share pence	2021 Dividends per share pence
	£m	£m
<b>DIVIDENDS ON ORDINARY SHARES</b>		
<b>Amounts recognised as distributions to equity shareholders during the year:</b>		
Final 2021	14.0	250
Interim 2022	9.4	168
<b>Total</b>	<b>23.4</b>	<b>418</b>

1. Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2022 (1,760m shares).

## 8 GOODWILL

	2022 £m	2021 £m
<b>GOODWILL</b>		
<b>COST</b>		
At 1 October	5,058	5,189
Business acquisitions	122	17
Sale and closure of businesses	(5)	(1)
Currency adjustment	489	(147)
<b>At 30 September</b>	<b>5,664</b>	5,058
<b>IMPAIRMENT</b>		
At 1 October	508	520
Currency adjustment	37	(12)
<b>At 30 September</b>	<b>545</b>	508
<b>NET CARRYING AMOUNT</b>		
<b>At 30 September</b>	<b>5,119</b>	4,550

	2022 £m	2021 £m
<b>GOODWILL BY BUSINESS SEGMENT</b>		
US	2,498	1,996
Canada	219	193
<b>North America</b>	<b>2,717</b>	2,189
UK <sup>1</sup>	1,481	1,456
Finland	125	123
Other	506	510
<b>Europe</b>	<b>2,112</b>	2,089
Japan	107	115
Other	183	157
<b>Rest of World</b>	<b>290</b>	272
<b>Total</b>	<b>5,119</b>	4,550

1. Includes £1.3bn which arose in 2000 on the Granada transaction.

### Approach to impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Consistent with the monitoring and management of the business, the cash-generating units (CGU) relate to the total business for each country in which the Group operates. The recoverable amount of a CGU is determined from value-in-use calculations.

### Key assumptions

The key assumptions for the value-in-use calculations are operating cash flow forecasts from the most recent three-year strategic plan approved by management, externally-derived long-term growth rates and pre-tax discount rates.

The strategic plan is based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like-for-like growth, and taking into consideration macroeconomic and geopolitical factors, including the impact of inflation and climate change.

Cash flows beyond the three-year period covered by the plan are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long-term average growth rate for that country.

The pre-tax discount rates are based on the Group's Weighted Average Cost of Capital (WACC) adjusted for specific risks relating to the country in which the CGU operates. This year, consistent with IAS 36 Impairment of Assets, the company-specific beta and gearing ratio assumptions used in the calculation of the Group's WACC have been replaced with market participant measures based on the averages of a number of companies with similar assets. The comparative discount rates would have been lower had this change been made in the prior year. The change in the calculation of the discount rates has not resulted in a change in the conclusion that the Group's goodwill balances are not impaired and is not, therefore, considered to be a change in an accounting estimate as defined by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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## 8 GOODWILL CONTINUED

GROWTH AND DISCOUNT RATES	2022		2021	
	Long-term growth rates	Pre-tax discount rates	Long-term growth rates	Pre-tax discount rates
US	2.2%	9.2%	2.0%	10.3%
Canada	2.0%	9.6%	2.0%	11.1%
UK	2.3%	9.5%	1.7%	10.2%
Finland	1.4%	8.3%	1.6%	9.5%
Rest of Europe <sup>1</sup>	0.8% – 14.4%	8.2% – 27.5%	0.9% – 9.4%	9.3% – 24.1%
Japan	0.9%	8.2%	1.0%	10.9%
Rest of World	1.3% – 4.4%	7.9% – 16.1%	1.3% – 4.5%	9.1% – 17.0%

1. Rest of Europe includes Turkey which has residual growth rate and pre-tax discount rate assumptions of 14.4% (2021: 9.4%) and 27.5% (2021: 24.1%), respectively. Excluding Turkey, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 0.8% to 2.7% (2021: 0.9% to 4.0%) and 8.2% to 11.7% (2021: 9.3% to 14.0%), respectively.

### Results

No impairments were identified as a result of the goodwill impairment testing. Consistent with prior years, the goodwill impairment testing was performed as at 31 July. Subsequent to this date, management has considered whether there have been any indicators that the goodwill may be impaired. The potential impact of the recent market volatility in the UK and increases in discount rates and inflation have been considered. There was no impact on the reported amounts of goodwill as a result of this review.

### Sensitivity analysis

The Group has performed a sensitivity analysis based on changes in key assumptions considered to be reasonably possible by management, including assumptions relating to the potential impact of climate change considering the results of the scenario analysis performed consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see pages 46 and 47). There was no impact on the reported amounts of goodwill as a result of this review.

The UK CGU is sensitive to reasonably possible changes in key assumptions. Most of the UK goodwill arose in 2000 on the Granada transaction. The estimated recoverable amount of the Group's operations in the UK exceeds its carrying value by £535m (2021: £102m). The associated impact of changes in key assumptions on the impairment assessment is presented in the table below. The sensitivity analysis presented is prepared on the basis that a change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

DECREASE IN RECOVERABLE AMOUNT	UK	
	2022 £m	2021 £m
Increase in pre-tax discount rate by 0.1%	(32)	(24)
Decrease in projected operating profit by 3%	(70)	(59)
Decrease in the long-term growth rate by 0.1%	(29)	(18)

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 2.1% (2021: 0.5%), projected operating profit decreased by 23% (2021: 5%) or the long-term growth rate decreased to a decline of 0.1% (2021: growth of 1.1%). The directors consider that changes in key assumptions of this magnitude are reasonably possible in the current environment.

Other than as disclosed above, the directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use of the net operating assets of the individually significant CGUs disclosed above to fall below their carrying values.

## 9 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS	Computer software £m	Arising on acquisition <sup>1</sup> £m	Other <sup>2</sup> £m	Total £m
<b>COST</b>				
At 1 October 2020	451	1,494	629	2,574
Additions	82	–	72	154
Disposals	(39)	(8)	(35)	(82)
Business acquisitions	–	15	–	15
Reclassification	5	2	28	35
Currency adjustment	(12)	(56)	(28)	(96)
At 30 September 2021	487	1,447	666	2,600
Additions	<b>140</b>	–	<b>37</b>	<b>177</b>
Disposals	(15)	(6)	(11)	(32)
Business acquisitions	–	<b>140</b>	–	<b>140</b>
Sale and closure of businesses	–	(1)	–	(1)
Reclassification	6	–	–	6
Currency adjustment	52	<b>205</b>	<b>115</b>	<b>372</b>
<b>At 30 September 2022</b>	<b>670</b>	<b>1,785</b>	<b>807</b>	<b>3,262</b>
<b>AMORTISATION</b>				
At 1 October 2020	276	338	282	896
Charge for the year	36	80	43	159
Impairment	–	5	8	13
Disposals	(20)	(8)	(33)	(61)
Reclassification	3	1	5	9
Currency adjustment	(8)	(12)	(13)	(33)
At 30 September 2021	287	404	292	983
Charge for the year	<b>41</b>	<b>91</b>	<b>59</b>	<b>191</b>
Impairment	2	–	1	3
Disposals	(12)	(6)	(9)	(27)
Reclassification	5	–	2	7
Currency adjustment	30	<b>62</b>	<b>53</b>	<b>145</b>
<b>At 30 September 2022</b>	<b>353</b>	<b>551</b>	<b>398</b>	<b>1,302</b>
<b>NET BOOK VALUE</b>				
At 30 September 2021	200	1,043	374	1,617
<b>At 30 September 2022</b>	<b>317</b>	<b>1,234</b>	<b>409</b>	<b>1,960</b>

1. Intangible assets arising on acquisition mainly relate to client contracts and brands.

2. Other intangible assets mainly relate to payments made to clients to obtain the right to generate significant consumer revenue.

The net book value of intangible assets arising on acquisition includes £232m (2021: £254m) in respect of the acquisition of Fazer Food Services in January 2020 relating to client contracts and brands with remaining useful lives of between 9 and 27 years. There are no other individually significant items in other intangible assets.

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## 10 CONTRACT BALANCES

The following table provides information about contract costs, assets and liabilities from contracts with customers and other contract-related balances.

CONTRACT BALANCES	Notes	2022 £m	2021 £m
<b>CONTRACT COSTS</b>			
Contract fulfilment assets		<b>1,024</b>	866
Costs to obtain contracts		<b>82</b>	57
<b>Costs to obtain and fulfil contracts</b>		<b>1,106</b>	923
<b>CONTRACT ASSETS</b>			
Accrued income	15	<b>362</b>	261
<b>CONTRACT LIABILITIES</b>			
Deferred income	21	<b>(475)</b>	(370)
<b>OTHER CONTRACT BALANCES</b>			
Contract prepayments	15	<b>141</b>	97
Trade receivables	15	<b>2,939</b>	1,937
<b>Net contract balances</b>		<b>4,073</b>	2,848

The Group's accrued and deferred income balances solely relate to revenue from contracts with customers. The timing of revenue recognition may differ from the timing of invoicing to customers. Accrued income typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied and is recognised as a contract asset. Deferred income generally arises as a result of upfront payments under client contracts, including prepaid customer cards, and is recognised as contract liabilities, which are released over the term of the contract as revenue is recognised. Generally, such contract liabilities are recognised as revenue within 12 months. Movements during the year were driven by transactions entered into by the Group within the normal course of business.

Contract fulfilment assets relate to contributions towards assets that the Group uses in the performance of its obligations in its contracts with clients.

CONTRACT FULFILMENT ASSETS		2022 £m	2021 £m
At 1 October		<b>866</b>	919
Additions		<b>218</b>	231
Derecognition		<b>(13)</b>	(18)
Amortisation charge for the year		<b>(214)</b>	(200)
Impairment		<b>(3)</b>	(11)
Reclassification		<b>(1)</b>	(19)
Currency adjustment		<b>171</b>	(36)
<b>At 30 September</b>		<b>1,024</b>	866

Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities is £218m (2021: £231m).

### Impairment

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. When such indicators exist, the Group determines the recoverability by comparing their carrying amount with the remaining consideration that the Group expects to receive less the costs associated with providing services under the relevant contract. Management is required to make an assessment of the costs that relate to providing services under the relevant contract. Impairment losses of £3m were recognised on contract fulfilment assets during the year (2021: £11m).

## 11 LEASES

The Group's lease portfolio consists of office premises, concession rentals and other assets, such as catering equipment, vending machines and motor vehicles. Lease terms are negotiated on an individual basis and contain a broad range of terms and conditions.

Information regarding leases for which the Group is a lessee is provided below. The Group does not have any material arrangements where it acts as a lessor.

### Right-of-use assets

RIGHT-OF-USE ASSETS	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
At 1 October 2020	607	246	7	860
Additions	72	35	1	108
Amendments <sup>1</sup>	–	(5)	–	(5)
Depreciation charge for the year	(100)	(53)	(3)	(156)
Impairment	(5)	–	–	(5)
Sale and closure of businesses	(11)	(2)	(1)	(14)
Reclassification	(2)	(1)	(1)	(4)
Currency adjustment	(14)	(10)	(1)	(25)
At 30 September 2021	547	210	2	759
Additions	<b>64</b>	<b>57</b>	<b>1</b>	<b>122</b>
Amendments <sup>1</sup>	<b>20</b>	<b>(1)</b>	–	<b>19</b>
Depreciation charge for the year	(100)	(54)	(2)	(156)
Impairment	(4)	–	–	(4)
Impairment reversal	3	–	–	3
Business acquisitions	7	–	–	7
Reclassification	(1)	(5)	–	(6)
Currency adjustment	<b>42</b>	<b>35</b>	–	<b>77</b>
<b>At 30 September 2022</b>	<b>578</b>	<b>242</b>	<b>1</b>	<b>821</b>

1. Amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

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## 11 LEASES CONTINUED

### Lease liabilities

<u>LEASE LIABILITIES</u>	2022 £m	2021 £m
Current	<b>194</b>	180
Non-current	<b>719</b>	665
<b>Total</b>	<b>913</b>	845

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented in note 19.

### Income statement

<u>AMOUNTS RECOGNISED IN THE INCOME STATEMENT</u>	2022 £m	2021 £m
Leases of low-value assets, excluding short-term leases of low-value assets	<b>37</b>	30
Short-term leases	<b>69</b>	44
COVID-19 rent concessions	<b>(2)</b>	(4)
Variable lease payments	<b>18</b>	17
<b>Expense relating to short-term leases, low-value assets and variable lease payments</b>	<b>122</b>	87
Depreciation expense of right-of-use assets	<b>156</b>	156
Impairment	<b>4</b>	5
Impairment reversal	<b>(3)</b>	—
Interest on lease liabilities	<b>35</b>	35
<b>Total</b>	<b>314</b>	283

### Cash flow statement

The Group had total cash outflows for leases of £187m (2021: £188m), comprising £35m (2021: £35m) of interest in cash flow from operating activities and £152m (2021: £153m) of principal in cash flow from financing activities. The Group has various non-cancellable lease contracts that had not yet commenced at 30 September 2022. The future lease payments for these non-cancellable lease contracts are £3m within one year (2021: £nil), £15m between one and five years (2021: £5m) and £18m thereafter (2021: £8m).

### Other disclosures

Some lease agreements contain variable payments that are not linked to an index or rate, but are based on the performance of the underlying asset. The variable payments depend on sales and, consequently, on overall economic developments over the next few years. Variable payment terms are used to link rental payments to cash flows and reduce fixed costs.

The Group does not expect any significant changes in the overall ratio of the variable payments to the Group's entire lease portfolio.

Extension and termination options are included in a number of lease agreements and provide the Group with operational flexibility. These options are assessed at contract commencement as to whether they are reasonably certain to be exercised and are reassessed if a significant event or change in circumstances occurs which is in the control of the Group.

## 12 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
<b>COST</b>				
At 1 October 2020	390	1,732	790	2,912
Additions	11	155	59	225
Disposals	(25)	(163)	(77)	(265)
Business acquisitions	—	2	—	2
Sale and closure of businesses	(11)	(61)	(1)	(73)
Reclassification	11	10	(2)	19
Reclassification from assets held for sale	—	2	—	2
Currency adjustment	(15)	(68)	(23)	(106)
At 30 September 2021	361	1,609	746	2,716
Additions	15	198	71	284
Disposals	(21)	(141)	(45)	(207)
Business acquisitions	1	5	1	7
Sale and closure of businesses	—	(1)	(1)	(2)
Reclassification	3	11	2	16
Currency adjustment	40	205	50	295
<b>At 30 September 2022</b>	<b>399</b>	<b>1,886</b>	<b>824</b>	<b>3,109</b>
<b>DEPRECIATION</b>				
At 1 October 2020	214	1,149	579	1,942
Charge for the year	23	156	71	250
Impairment	3	4	3	10
Impairment reversal	—	(1)	(3)	(4)
Disposals	(20)	(138)	(67)	(225)
Sale and closure of businesses	(4)	(39)	(1)	(44)
Reclassification	8	14	(3)	19
Reclassification from assets held for sale	—	2	—	2
Currency adjustment	(8)	(44)	(17)	(69)
At 30 September 2021	216	1,103	562	1,881
Charge for the year	23	167	70	260
Impairment	—	1	4	5
Impairment reversal	—	(1)	—	(1)
Disposals	(18)	(127)	(43)	(188)
Sale and closure of businesses	—	—	(1)	(1)
Reclassification	3	4	2	9
Currency adjustment	24	130	42	196
<b>At 30 September 2022</b>	<b>248</b>	<b>1,277</b>	<b>636</b>	<b>2,161</b>
<b>NET BOOK VALUE</b>				
At 30 September 2021	145	506	184	835
<b>At 30 September 2022</b>	<b>151</b>	<b>609</b>	<b>188</b>	<b>948</b>

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### 13 INTERESTS IN JOINT VENTURES AND ASSOCIATES

INTERESTS IN JOINT VENTURES AND ASSOCIATES	Notes	2022 £m	2021 £m
<b>NET BOOK VALUE</b>			
At 1 October		<b>256</b>	345
Additions		<b>28</b>	5
Share of results of joint ventures		<b>27</b>	32
Share of results of associates		<b>18</b>	(1)
Transfer to other investments	14	—	(69)
Transfer to held for sale <sup>1</sup>		<b>(27)</b>	(17)
Dividends received		<b>(51)</b>	(28)
Currency and other adjustments		<b>19</b>	(11)
<b>At 30 September</b>		<b>270</b>	256
<b>COMPRISED OF</b>			
Interests in joint ventures		<b>85</b>	80
Interests in associates		<b>185</b>	176
<b>Total</b>		<b>270</b>	256

1. At 30 September 2022, £26m is held for sale after £1m of adverse exchange translation (see note 26).

Significant interests in joint ventures and associates measured using the equity method are as follows:

SIGNIFICANT JOINT VENTURES AND ASSOCIATES	Interest	Holding %	Principal place of business	Carrying amount	
				2022 £m	2021 £m
Twickenham Experience Limited <sup>1</sup>	Associate	40%	UK	<b>79</b>	83
Abu Dhabi National Hotels Compass Middle East LLC	Joint venture	50%	UAE	<b>73</b>	67

1. The holding of 40% is based on the Group's share of voting rights. Based on the nominal value of share capital, the Group's holding is 16% (see note 35).

The Group's joint ventures and associates provide food and/or support services. None of these investments is considered to be individually material to the results or financial position of the Group.

## 14 OTHER INVESTMENTS

OTHER INVESTMENTS	Notes	2022 £m	2021 £m
<b>NET BOOK VALUE</b>			
At 1 October		<b>166</b>	75
Additions		<b>42</b>	20
Transfer from post-employment benefit obligations <sup>1</sup>	23	<b>546</b>	—
Transfer from interests in joint ventures and associates	13	—	69
Disposals		(3)	(3)
Change in fair value of investments at fair value through other comprehensive income		(133)	4
Change in fair value of investments at fair value through profit or loss	4	(5)	1
Rabbi Trust contributions		<b>61</b>	—
Rabbi Trust benefits paid	23	(44)	—
Dividends received from Rabbi Trust investments	4	<b>20</b>	—
Currency adjustment		<b>140</b>	—
<b>At 30 September</b>		<b>790</b>	166
<b>COMPRISED OF</b>			
Rabbi Trust investments <sup>1</sup>		<b>566</b>	—
Mutual fund investments <sup>2</sup>		<b>52</b>	38
Life insurance policies <sup>2</sup>		<b>33</b>	34
Trade investments <sup>3</sup>		<b>127</b>	76
Other investments		<b>12</b>	18
<b>Total</b>		<b>790</b>	166

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181). The assets mainly comprise funds with investments in quoted equities and bonds.

2. Held by overseas companies to meet the cost of unfunded post-employment benefit obligations (see page 181).

3. Primarily represents a 19% effective interest in Wildlife Holdings, Inc.

The loss from the change in fair value of investments at fair value through other comprehensive income of £133m (2021: £4m gain) mainly reflects a reduction in the market value of investments held by the Rabbi Trust.

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## 15 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	2022			2021		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
<b>NET BOOK VALUE</b>						
At 1 October	2,684	129	2,813	2,319	99	2,418
Net movement	924	11	935	455	32	487
Currency adjustment	380	22	402	(90)	(2)	(92)
<b>At 30 September</b>	<b>3,988</b>	<b>162</b>	<b>4,150</b>	2,684	129	2,813
<b>COMPRISED OF</b>						
Trade receivables	3,035	—	3,035	2,014	—	2,014
Provision for impairment of trade receivables	(96)	—	(96)	(77)	—	(77)
<b>Net trade receivables</b>	<b>2,939</b>	<b>—</b>	<b>2,939</b>	1,937	—	1,937
Other receivables <sup>1,2</sup>	562	184	746	396	147	543
Provision for impairment of other receivables	(28)	(25)	(53)	(24)	(19)	(43)
<b>Net other receivables</b>	<b>534</b>	<b>159</b>	<b>693</b>	372	128	500
Accrued income	362	—	362	261	—	261
Prepayments	153	3	156	114	1	115
<b>Total</b>	<b>3,988</b>	<b>162</b>	<b>4,150</b>	2,684	129	2,813

1. Includes the net contract prepayments balance of £141m (2021: £97m).

2. Included within other receivables is £8m of government grants receivable (2021: £28m). These relate to government support under temporary wage and other subsidy schemes available in different countries. The Group does not have any unfulfilled obligations relating to these support programmes.

The ageing of gross trade receivables and of the provision for impairment is as follows:

TRADE RECEIVABLES	2022					Total £m
	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	
Expected loss rate	—	4%	28%	100%	85%	3%
Gross trade receivables	2,434	489	54	17	41	3,035
Provision for impairment of trade receivables	(11)	(18)	(15)	(17)	(35)	(96)
<b>Total</b>	<b>2,423</b>	<b>471</b>	<b>39</b>	—	<b>6</b>	<b>2,939</b>

TRADE RECEIVABLES	2021					Total £m
	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	
Expected loss rate	1%	4%	52%	100%	100%	4%
Gross trade receivables	1,655	295	23	11	30	2,014
Provision for impairment of trade receivables	(12)	(12)	(12)	(11)	(30)	(77)
<b>Total</b>	<b>1,643</b>	<b>283</b>	<b>11</b>	—	—	<b>1,937</b>

Movements in the provision for impairment of trade and other receivables are as follows:

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2022			2021		
	Trade £m	Other £m	Total £m	Trade £m	Other £m	Total £m
At 1 October	77	43	120	137	31	168
Charged to income statement	28	9	37	5	9	14
Credited to income statement	(5)	(3)	(8)	(33)	(2)	(35)
Utilised	(21)	(1)	(22)	(9)	(5)	(14)
Reclassification	9	—	9	(17)	10	(7)
Currency adjustment	8	5	13	(6)	—	(6)
<b>At 30 September</b>	<b>96</b>	<b>53</b>	<b>149</b>	77	43	120

Trade receivable days at 30 September 2022 were 39 days (2021: 35 days on a constant-currency basis).

## 16 INVENTORIES

INVENTORIES	2022 £m	2021 £m
<b>NET BOOK VALUE</b>		
At 1 October	<b>327</b>	310
Business acquisitions	<b>6</b>	1
Sale and closure of businesses	—	(25)
Reclassification from assets held for sale	—	3
Net movement	<b>122</b>	50
Currency adjustment	<b>56</b>	(12)
<b>At 30 September</b>	<b>511</b>	327

## 17 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS BY TYPE	2022 £m	2021 £m
Cash at bank and in hand	<b>429</b>	434
Short-term bank deposits	<b>1,080</b>	900
Money market funds	<b>474</b>	506
<b>Total</b>	<b>1,983</b>	1,840

CASH AND CASH EQUIVALENTS BY CURRENCY	2022 £m	2021 £m
Sterling	<b>1,473</b>	782
US dollar	<b>193</b>	764
Euro	<b>50</b>	23
Japanese Yen	<b>7</b>	4
Other	<b>260</b>	267
<b>Total</b>	<b>1,983</b>	1,840

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 19. The book value of cash and cash equivalents represents the maximum credit exposure.

### Master netting or similar agreements

The Group has an agreement with a bank counterparty such that, following each quarter end, all balances are net settled simultaneously to a single sterling value which is transferred to the sterling bank account of Compass Group PLC and included in cash and cash equivalents at the balance sheet date. The cash and overdraft figures before netting are shown in the table below:

	2022			2021		
	Gross £m	Offset £m	Net £m	Gross £m	Offset £m	Net £m
Cash and cash equivalents	<b>2,378</b>	(395)	<b>1,983</b>	2,119	(279)	1,840
Bank overdrafts	(646)	395	(251)	(463)	279	(184)

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## 18 BORROWINGS

BORROWINGS BY TYPE	Nominal value	Redeemable	Interest	2022 £m	2021 £m
US Private Placement	\$398m	Oct 2021	3.98%	—	295
Eurobond	€500m	Jan 2023	1.88%	<b>439</b>	440
US Private Placement	\$352m	Oct 2023	4.12%	<b>310</b>	274
Eurobond	€750m	Jul 2024	0.63%	<b>632</b>	659
US Private Placement	\$100m	Dec 2024	3.54%	<b>89</b>	74
Eurobond	£250m	Sep 2025	2.00%	<b>220</b>	252
US Private Placement	\$300m	Sep 2025	3.81%	<b>259</b>	242
Eurobond	£250m	Jun 2026	3.85%	<b>249</b>	249
US Private Placement	\$300m	Dec 2026	3.64%	<b>269</b>	221
Eurobond	€500m	Sep 2028	1.50%	<b>380</b>	443
Eurobond	£300m	Jul 2029	2.00%	<b>233</b>	300
Eurobond	€500m	Mar 2030	3.00%	<b>412</b>	—
Eurobond	£250m	Sep 2032	4.38%	<b>218</b>	—
<b>Issued debt</b>				<b>3,710</b>	3,449
Bank loans				<b>3</b>	2
Bank overdrafts				<b>251</b>	184
<b>Total</b>				<b>3,964</b>	3,635
<b>COMPRISED OF</b>					
Current				<b>693</b>	481
Non-current				<b>3,271</b>	3,154
<b>Total</b>				<b>3,964</b>	3,635

The US Private Placements and Eurobonds are shown net of unamortised issue costs. The Group adjusts the carrying values of the US Private Placements and Eurobonds that are designated in effective fair value hedge relationships for fair value gains and losses (based on observable market inputs) attributable to the risk being hedged.

In September 2022, the Group issued fixed-rate sustainable bonds of €500m (£439m) and £250m maturing in 2030 and 2032, respectively.

Interest on bank overdrafts is at the relevant money market rates.

BORROWINGS BY MATURITY		2022 £m	2021 £m
Within 1 year, or on demand		<b>693</b>	481
Between 1 and 2 years		<b>942</b>	440
Between 2 and 3 years		<b>568</b>	933
Between 3 and 4 years		<b>249</b>	568
Between 4 and 5 years		<b>269</b>	249
In more than 5 years		<b>1,243</b>	964
<b>Total</b>		<b>3,964</b>	3,635

BORROWINGS BY CURRENCY		2022 £m	2021 £m
Sterling		<b>920</b>	801
US dollar		<b>1,175</b>	1,287
Euro		<b>1,863</b>	1,542
Other		<b>6</b>	5
<b>Total</b>		<b>3,964</b>	3,635

### Covenants

The US Private Placement (USPP) notes contain financial covenants which consist of a leverage covenant test and an interest cover covenant test which are tested semi-annually at 31 March and 30 September.

The leverage covenant test stipulates that net debt after adjustments (including removal of leases, derivatives and fair value adjustments) must be less than or equal to 3.5 times underlying EBITDA after adjustments (including non-underlying items, depreciation on right-of-use assets and lease interest) and can be increased to 4 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

## 18 BORROWINGS CONTINUED

The interest cover covenant test stipulates that underlying EBITDA after adjustments (including non-underlying items, depreciation on right-of-use assets and lease interest) must be more than or equal to 3 times net finance costs after adjustments (including removal of lease interest and other financing items) and can be reduced to 2.5 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

	Covenant requirement <sup>1</sup>	Ratio <sup>2</sup>		Covenant ratio <sup>3</sup>	
		2022	2021	2022	2021
Leverage covenant	<=3.5	1.3	1.6	1.0	1.5
Interest cover covenant	>=3	23.7	13.8	33.4	14.7

1. Can be exceeded by 0.5 for three consecutive reporting periods following a material acquisition and subject to a coupon step up being paid.
2. Calculated using Alternative Performance Measures (see note 33). The leverage ratio reflects net debt divided by underlying EBITDA. The interest cover ratio reflects underlying EBITDA divided by underlying net finance costs.
3. Calculated using Alternative Performance Measures (see note 33) and adjusted as per the USPP agreements.

## 19 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

### Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long-term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required.

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2022 shows that the average period to maturity is 3.9 years (2021: 3.7 years).

Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised committed banking facilities to maintain a level of headroom in line with Board approval.

The Group has a £2,000m committed Revolving Credit Facility (RCF), of which £140m is committed to August 2024 and £1,860m is committed to August 2026. At 30 September 2022, no amounts were drawn under the RCF (2021: £nil).

The Group has a \$4bn commercial paper programme. Commercial paper is issued to meet short-term liquidity requirements and is supported by the RCF. At 30 September 2022, no commercial paper was outstanding under the programme (2021: £nil).

### Foreign currency risk

The Group's policy is to balance its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are executed which, when applied to the actual currency liabilities, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings are less than, or equate to, the net investment in overseas operations, these exchange rate variances may be treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.

Non-sterling earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given and will continue to give rise to translation differences. The Group is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings.

The Group has minimal exposure to the foreign currency risk of trade receivables and payables as operations within individual countries have little cross-border activity which might give rise to translation risks on trade-related balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

## 19 FINANCIAL RISK MANAGEMENT CONTINUED

The main currencies to which the Group's reported sterling financial position is exposed are the US dollar and Euro. As set out above, the Group seeks to hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies.

The effect on profit for the year (after tax) and total equity of a 10% strengthening of sterling against these currencies on the Group's financial instruments is shown below. A 10% weakening would result in an equal and opposite impact on the profit or loss and equity of the Group. This table shows the impact on the financial instruments in place at 30 September and has been prepared on the basis that the 10% change in exchange rates occurred on the first day of the financial year and applied consistently throughout the year.

FINANCIAL INSTRUMENTS: IMPACT OF STERLING STRENGTHENING BY 10%	2022		2021	
	US dollar £m	Euro £m	US dollar £m	Euro £m
Increase/(decrease) in profit for the year (after tax)	1	(26)	(2)	(24)
Increase in total equity	145	48	92	46

### Interest rate risk

As set out above, the Group has effective borrowings in a number of currencies. The Group raises fixed-rate capital market debt and may swap this to floating rate using interest rate swaps on a case-by-case basis. The Group's policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed-rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year. For the second and third years, interest rates are fixed within ranges of 30%-70% and 0%-40%, respectively.

In September 2022, the Group issued fixed-rate sustainable bonds of €500m (£439m) and £250m maturing in 2030 and 2032, respectively. The Group entered into interest rate and cross currency swaps to effectively convert these to sterling, paying a floating interest rate. The bonds and swaps are accounted for as fair value hedges.

The sensitivity analysis given below has been determined based on the derivative and non-derivative financial instruments the Group had in place at the year-end date.

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be to increase profit for the year (after tax) by £7m (2021: £3m) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

INTEREST RATE SENSITIVITY ANALYSIS	2022				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Increase in interest rate	+1%	+1%	+1%	+1%	
Floating rate exposure – cash/(debt)	476	(36)	112	289	841
Increase in profit for the year (after tax)	4	–	1	2	7

INTEREST RATE SENSITIVITY ANALYSIS	2021				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Increase in interest rate	+1%	+1%	+1%	+1%	
Floating rate exposure – cash/(debt)	263	(60)	6	127	336
Increase in profit for the year (after tax)	2	–	–	1	3

These changes are the result of the exposure to interest rates from the Group's floating-rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and interest rate and currency hedging may be implemented after the year-end date in order to comply with the treasury policies outlined above.

## 19 FINANCIAL RISK MANAGEMENT CONTINUED

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and managing the aggregate exposure to each against certain pre-agreed limits. Exposure to counterparty credit risk arising from deposits and derivatives (including forward currency contracts and cross currency swaps) is concentrated at the Group centre where possible. Financial counterparty limits are derived from the long-term and short-term credit ratings, and the balance sheet strength of the financial counterparty. All financial counterparties are required to have a minimum long-term credit rating from Moody's of Baa2 and a short-term credit rating from Moody's of P-2 or equivalent from another recognised agency. To reduce credit exposures, the Group has International Swaps and Derivatives Association (ISDA) Master Agreements with all of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances. The maximum exposure to credit risk resulting from financial activities, without considering netting arrangements, is equal to the carrying value of the Group's financial assets.

At 30 September 2022, 73% of cash and cash equivalents were held with investment-grade bank counterparties, 24% with AAA money market funds and 3% held with non-investment-grade bank counterparties. In addition, 100% of derivative instruments was held with investment-grade bank counterparties.

Credit sales are only made after credit approval procedures have been completed satisfactorily. The policy for making provisions for bad and doubtful debts varies from country to country as different countries and markets have different payment practices. Various factors are considered, including how overdue the debt is, the type of receivable and its past history, and current market and trading conditions. Full provision is made for debts that are not considered to be recoverable.

There is limited concentration of credit risk with respect to trade and other receivables due to the diverse and unrelated nature of the Group's client and supplier base. Expected credit losses are measured using historical cash collection data grouped according to payment terms. The historical default rates are adjusted where macroeconomic factors are expected to have a significant impact when determining future expected credit loss rates. The expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age.

Trade and other receivables are written off when there is no reasonable expectation of recovery and enforcement activity has ceased. An impairment analysis is performed at each reporting date to measure expected credit losses. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for the impairment of receivables. The book value of trade and other receivables represents the Group's maximum exposure to credit risk.

At 30 September 2022, trade receivables of £516m (2021: £294m) were past due but not impaired (see note 15). The Group has made a provision based on a number of factors, including past history of the debtor and expected credit losses, and all amounts not provided for are considered to be recoverable.

Management has considered the impact of reasonable changes in the expected credit loss rates used in the estimates made and does not consider that a reasonable change would lead to a material adjustment to the estimate in the next 12 months.

### Hedging activities

An analysis of the Group's derivative financial instruments is shown below:

DERIVATIVE FINANCIAL INSTRUMENTS	2022				2021			
	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m
<i>Fair value hedges</i>								
Interest rate swaps	—	—	—	(154)	—	66	—	—
Cross currency swaps	43	—	—	(82)	—	45	—	(7)
<i>Net investment hedges</i>								
Forward currency contracts	18	—	—	—	—	—	(3)	—
<i>Not in a hedging relationship</i>								
Interest rate swaps	5	76	(3)	(1)	—	5	(1)	—
Forward currency contracts	5	—	(3)	—	2	—	(5)	—
<b>Total</b>	<b>71</b>	<b>76</b>	<b>(6)</b>	<b>(237)</b>	<b>2</b>	<b>116</b>	<b>(9)</b>	<b>(7)</b>

On adoption of IFRS 9 Financial Instruments, the Group elected to continue to apply the hedge accounting guidance in IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

## 19 FINANCIAL RISK MANAGEMENT CONTINUED

### Fair value hedges

The Group uses interest rate and cross currency swaps to hedge the fair value of some of its fixed-rate borrowings. These instruments swap the fixed interest payable on the borrowings into floating interest rates and hedge the fair value of the borrowings against changes in interest rates and foreign exchange rates. These swaps all qualify for fair value hedge accounting as defined by IAS 39.

### Net investment hedges

The Group uses foreign currency denominated debt and forward currency contracts to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates.

The carrying value of debt and derivatives in a net investment hedge was £909m (2021: £572m). A foreign exchange loss of £190m (2021: £37m gain) relating to the net investment hedges has been netted off during the year within currency translation differences as presented in the consolidated statement of comprehensive income. The balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply is a loss of £774m (2021: £584m) and for which hedge accounting is no longer applied is £nil (2021: £nil).

### Derivatives not in a hedging relationship

The Group has a number of derivative financial instruments that do not meet the criteria for hedge accounting. These include some interest rate swaps and some forward currency contracts used for interest and cash management.

### Impact of hedging activities

The impact of the hedged items on the Group's financial statements is as follows:

	2022			2021		
	Carrying amount of the hedged items £m	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m	Change in fair value of hedged items used to determine hedge effectiveness £m	Carrying amount of the hedged items £m	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m	Change in fair value of hedged items used to determine hedge effectiveness £m
<b>HEDGED ITEMS</b>						
<b>FAIR VALUE HEDGES</b>						
<i>Interest rate risk</i>						
Short-term borrowings	(439)	—	10	—	—	—
Long-term borrowings	(2,664)	238	310	(2,610)	(82)	99
	<b>(3,103)</b>	<b>238</b>	<b>320</b>	<b>(2,610)</b>	<b>(82)</b>	<b>99</b>

The impact of the hedging instruments on the Group's financial statements is as follows:

	2022			2021		
	Nominal amount of the hedging instruments £m	Carrying amount of the hedging instruments £m	Change in fair value of hedging instruments used to determine hedge effectiveness £m	Nominal amount of the hedging instruments £m	Carrying amount of the hedging instruments £m	Change in fair value of hedging instruments used to determine hedge effectiveness £m
<b>HEDGING INSTRUMENTS</b>						
<b>FAIR VALUE HEDGES</b>						
<i>Interest rate risk</i>						
Derivative financial instruments – current assets	<b>439</b>	<b>43</b>	—	—	—	—
Derivative financial instruments – non-current assets	—	—	(65)	2,109	111	(104)
Derivative financial instruments – non-current liabilities	<b>2,920</b>	<b>(236)</b>	<b>(252)</b>	<b>430</b>	<b>(7)</b>	<b>16</b>
	<b>3,359</b>	<b>(193)</b>	<b>(317)</b>	<b>2,539</b>	<b>104</b>	<b>(88)</b>
<b>NET INVESTMENT HEDGES</b>						
<i>Foreign currency risk</i>						
Derivative financial instruments – current assets	(804)	18	5	(144)	—	11
Derivative financial instruments – current liabilities	(74)	—	(38)	(588)	(3)	—
Short-term borrowings	—	—	(2)	(295)	(295)	13
Long-term borrowings	(942)	(927)	(155)	(261)	(274)	13
	<b>(1,820)</b>	<b>(909)</b>	<b>(190)</b>	<b>(1,288)</b>	<b>(572)</b>	<b>37</b>

## 19 FINANCIAL RISK MANAGEMENT CONTINUED

The notional amount of interest rate and cross currency swaps by currency is as follows:

NOTIONAL AMOUNT OF INTEREST RATE AND CROSS CURRENCY SWAPS BY CURRENCY	2022		2021	
	Fair value hedges £m	Not in a hedging relationship £m	Fair value hedges £m	Not in a hedging relationship £m
Sterling	800	550	550	392
US dollar	584	1,230	484	334
Euro	1,975	347	1,505	258
Japanese Yen	—	36	—	26
Other	—	252	—	210
<b>Total</b>	<b>3,359</b>	<b>2,415</b>	<b>2,539</b>	<b>1,220</b>

The effective currency denomination of borrowings and leases after the effect of derivatives is as follows:

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AND LEASES AFTER THE EFFECT OF DERIVATIVES	2022				2021			
	Gross borrowings £m	Lease liabilities £m	Forward currency contracts <sup>1</sup> £m	Effective currency of borrowings £m	Gross borrowings £m	Lease liabilities £m	Forward currency contracts <sup>1</sup> £m	Effective currency of borrowings £m
Sterling	920	216	748	1,884	801	223	361	1,385
US dollar	1,175	445	627	2,247	1,287	368	493	2,148
Euro	1,863	147	(1,690)	320	1,542	153	(1,230)	465
Japanese Yen	—	—	30	30	—	—	58	58
Other	6	105	230	341	5	101	316	422
<b>Total</b>	<b>3,964</b>	<b>913</b>	<b>(55)</b>	<b>4,822</b>	<b>3,635</b>	<b>845</b>	<b>(2)</b>	<b>4,478</b>

1. Includes cross currency contracts.

### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

In the prior year, the Group adopted the Interest Rate Benchmark Reform – Phase 2 (IBOR Reform) amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures. The amendments provide relief from applying specific hedge accounting requirements to hedge relationships directly affected by the IBOR Reform and have the effect that IBOR Reform should generally not cause hedge accounting to terminate. The Group believes that any resulting ineffectiveness consequent to the IBOR Reform has been or is likely to be immaterial. The Group does not believe that IBOR Reform has materially adversely affected the Group or its ability to manage its borrowings or interest rate risk.

The Group's committed borrowing facilities can be drawn in a number of currencies, some of which reference the relevant IBOR in calculating the applicable interest rate. Where GBP or USD LIBOR is referenced as the applicable interest rate, these were amended to reference the relevant alternative reference rates.

The Group is a party to the ISDA fallback protocols which automatically convert derivatives from IBOR to the relevant alternative reference rate when the IBOR rate ceases. The reference rates on derivatives with a net nominal value of £752m have been converted from GBP LIBOR to GBP SONIA. In the year ending 30 September 2023, the reference rates on derivatives with a net nominal value of £148m will be converted from USD LIBOR to USD SOFR.

As the cessation of USD LIBOR is still some time away, the Group is of the opinion that there is still uncertainty around those derivatives and, therefore, the IBOR Reform Phase 1 amendments previously adopted by the Group are still applicable. Subject to the cessation of USD LIBOR, the Group has completed its IBOR Reform process.

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## 19 FINANCIAL RISK MANAGEMENT CONTINUED

### Maturity analysis of the contractual cash flows of financial liabilities

The following table provides an analysis of the expected contractual cash flows, including interest payable, of certain financial liabilities and derivative financial instruments on an undiscounted basis. Where interest payments are calculated at a floating rate, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at the respective year ends. The gross cash flows of derivatives are presented net for the purposes of this table.

MATURITY ANALYSIS OF THE CONTRACTUAL CASH FLOWS OF FINANCIAL LIABILITIES	2022							Carrying amount £m
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m	
Borrowings	693	973	608	250	269	1,428	4,221	3,964
Interest on borrowings	100	85	73	56	46	113	473	30
Lease liabilities	198	162	137	121	97	404	1,119	913
Interest rate swaps	2	26	8	16	14	26	92	77
Cross currency swaps	4	35	36	32	29	34	170	39
Forward currency contracts	(20)	—	—	—	—	—	(20)	(20)

MATURITY ANALYSIS OF THE CONTRACTUAL CASH FLOWS OF FINANCIAL LIABILITIES	2021							Carrying amount £m
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m	
Borrowings	481	430	906	547	250	952	3,566	3,635
Interest on borrowings	76	70	56	46	31	36	315	35
Lease liabilities	186	152	122	102	90	398	1,050	845
Interest rate swaps	(27)	(22)	(14)	(9)	—	2	(70)	(70)
Cross currency swaps	(3)	(33)	3	3	4	31	5	(38)
Forward currency contracts	6	—	—	—	—	—	6	6

## 20 FINANCIAL INSTRUMENTS

### Financial instruments measured at amortised cost

The carrying amounts of the following financial instruments measured at amortised cost approximate to their fair values: trade and other receivables; cash and cash equivalents (excluding money market funds); lease liabilities; provisions; and trade and other payables. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 30 September 2022 is £3,964m (30 September 2021: £3,635m). The fair value of borrowings at 30 September 2022, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments, is £3,920m (30 September 2021: £3,728m).

### Financial instruments measured at fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The fair value measurement hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

There were no transfers of financial instruments between levels of the fair value hierarchy in either the year ended 30 September 2022 or 2021. The carrying amounts of financial instruments measured at fair value are shown in the table below:

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	Notes	Level	2022 £m	2021 £m
<b>NON-CURRENT</b>				
Rabbi Trust investments <sup>1, 2</sup>	14	1	<b>566</b>	–
Mutual fund investments <sup>1</sup>	14	1	<b>52</b>	38
Other investments <sup>1</sup>	14	1	<b>12</b>	18
Life insurance policies <sup>1</sup>	14	2	<b>33</b>	34
Derivative financial instruments – assets	19	2	<b>76</b>	116
Derivative financial instruments – liabilities	19	2	(237)	(7)
Trade investments <sup>1</sup>	14	3	<b>127</b>	76
Contingent consideration on business acquisitions <sup>3</sup>	21	3	(39)	(63)
Non-controlling interest put options <sup>3</sup>	21	3	(45)	(30)
<b>CURRENT</b>				
Money market funds <sup>4</sup>	17	1	<b>474</b>	506
Derivative financial instruments – assets	19	2	<b>71</b>	2
Derivative financial instruments – liabilities	19	2	(6)	(9)
Contingent consideration on business acquisitions <sup>3</sup>	21	3	(30)	(7)
Non-controlling interest put options <sup>3</sup>	21	3	–	(8)

1. Classified as other investments in the consolidated balance sheet.

2. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).

3. Classified as trade and other payables in the consolidated balance sheet.

4. Classified as cash and cash equivalents in the consolidated balance sheet on the basis that they have a maturity of three months or less from the date of acquisition.

Due to the variability of the valuation factors, the fair values presented at 30 September 2022 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

#### Level 2

**Life insurance policies** Cash surrender values provided by third-party insurance providers.

**Derivative financial instruments** Present values determined from future cash flows discounted at rates derived from market sourced data. The fair values of derivative financial instruments represent the maximum credit exposure.

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## 20 FINANCIAL INSTRUMENTS CONTINUED

### Level 3

**Trade investments (primarily a 19% effective interest in Wildlife Holdings, Inc.)** Estimated value using a weighted income and market value approach, with the income approach based on discounted cash flow projections and the market value approach on revenue and earnings multiples.

**Contingent consideration on business acquisitions** Estimated amounts payable based on the likelihood of specified future conditions, such as earnings targets, being met.

**Non-controlling interest put options** Estimated amounts payable based on the likelihood of options being exercised by minority shareholders.

A reconciliation from opening to closing balances for Level 3 financial instruments is as follows:

LEVEL 3 FINANCIAL INSTRUMENTS	2022			2021		
	Trade investments £m	Contingent consideration on business acquisitions £m	Non-controlling interest put options £m	Trade investments £m	Contingent consideration on business acquisitions £m	Non-controlling interest put options £m
At 1 October	76	(70)	(38)	—	(84)	(137)
Change in fair value recognised in the income statement	—	9	—	—	(11)	—
Change in fair value recognised in the statement of comprehensive income	4	—	—	7	—	—
Change in fair value recognised in the statement of changes in equity	—	—	(9)	—	—	(16)
Additions	27	(66)	—	—	(6)	—
Transfer from interests in joint ventures and associates	—	—	—	69	—	—
Payments relating to businesses acquired in previous years	—	60	10	—	27	107
Currency translation	20	(2)	(8)	—	4	8
<b>At 30 September</b>	<b>127</b>	<b>(69)</b>	<b>(45)</b>	<b>76</b>	<b>(70)</b>	<b>(38)</b>

The directors do not consider that any reasonably possible changes in the key assumptions would cause the fair value of the Level 3 financial instruments to be significantly higher or lower.

## 21 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2022			2021		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
<b>NET BOOK VALUE</b>						
At 1 October	4,090	305	4,395	3,615	331	3,946
Net movement	974	(6)	968	595	(12)	583
Transfer from held for sale	–	–	–	8	–	8
Currency adjustment	562	55	617	(128)	(14)	(142)
<b>At 30 September</b>	<b>5,626</b>	<b>354</b>	<b>5,980</b>	<b>4,090</b>	<b>305</b>	<b>4,395</b>
<b>COMPRISED OF</b>						
Trade payables	2,292	–	2,292	1,418	–	1,418
Social security and other taxes	472	23	495	361	23	384
Other payables <sup>1</sup>	506	49	555	312	51	363
Contingent consideration on business acquisitions	30	39	69	7	63	70
Non-controlling interest put options	–	45	45	8	30	38
Accruals <sup>2</sup>	1,999	28	2,027	1,711	22	1,733
Deferred income	305	170	475	254	116	370
Capital creditors	22	–	22	19	–	19
<b>Total</b>	<b>5,626</b>	<b>354</b>	<b>5,980</b>	<b>4,090</b>	<b>305</b>	<b>4,395</b>

1. Of this balance, £278m (2021: £168m) is categorised as financial liabilities, including a £77m (2021: £nil) commitment in respect of the share buyback programme announced in May 2022.

2. Of this balance, £1,139m (2021: £709m) is categorised as financial liabilities.

The current trade and other payables are payable on demand.

Trade payable days at 30 September 2022 were 65 days (2021: 66 days on a constant-currency basis).

Contingent consideration in respect of the acquisition of Fazer Food Services in January 2020 was paid during the year (2021: £49m).

The ageing of non-current financial liabilities in trade and other payables is as follows:

TRADE AND OTHER PAYABLES	2022					Total £m
	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	
Financial liabilities	59	60	19	–	24	162
<b>TRADE AND OTHER PAYABLES</b>						
Financial liabilities	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Financial liabilities	41	58	20	–	21	140

### Supply chain financing

The Group has Supply Chain Financing (SCF) arrangements in place. The principal purpose of these arrangements is to enable the supplier, if it so wishes, to sell its receivables due from the Group to a third-party bank prior to their due date, thus providing earlier access to liquidity. From the Group's perspective, the invoice payment due date remains unaltered and the payment terms of suppliers participating in the SCF programmes are similar to those suppliers that are not participating, and to the wider industry more generally.

If a receivable is purchased by a third-party bank, that third-party bank does not benefit from additional security when compared to the security originally enjoyed by the supplier.

At 30 September 2022, the value of invoices sold under the SCF programmes was £772m, with £706m related to the Group's programme in the US (2021: £490m and £441m, respectively). The increase in the value of invoices sold compared with last year reflects the continued recovery of purchasing activity following the pandemic. These amounts are included within trade payables and all cash flows associated with the programmes are included within cash flow from operating activities as they continue to be part of the normal operating cycle of the Group.

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## 22 PROVISIONS

PROVISIONS	Workers' compensation and similar obligations £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Severance £m	Other £m	Total £m
At 1 October 2020	343	19	64	30	129	52	637
Reclassification	–	4	(4)	5	6	(14)	(3)
Expenditure in the year	(74)	(3)	(29)	(5)	(186)	(3)	(300)
Charged to income statement	81	–	15	23	164	26	309
Credited to income statement	(15)	–	(8)	(3)	–	(8)	(34)
Sale and closure of businesses	–	(7)	–	1	–	(1)	(7)
Unwinding of discount	3	–	–	–	–	–	3
Currency adjustment	(14)	–	(2)	(2)	(5)	(1)	(24)
At 30 September 2021	324	13	36	49	108	51	581
Reclassification	–	4	11	(13)	(8)	1	(5)
Expenditure in the year	(79)	(4)	(18)	(10)	(62)	(5)	(178)
Charged to income statement	117	–	12	2	7	6	144
Credited to income statement	(19)	–	(11)	(5)	(6)	(6)	(47)
Business acquisitions	–	–	1	1	–	–	2
Unwinding of discount	5	–	–	–	–	–	5
Currency adjustment	66	(1)	2	2	5	3	77
<b>At 30 September 2022</b>	<b>414</b>	<b>12</b>	<b>33</b>	<b>26</b>	<b>44</b>	<b>50</b>	<b>579</b>

COMPRISED OF	2022 £m	2021 £m
Current	269	298
Non-current	310	283
<b>Total</b>	<b>579</b>	<b>581</b>

Provisions are discounted to present value where the effect is material using the discount rate applicable to the liability. In estimating the provisions above, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows. Management does not consider that a reasonable change in key assumptions in any of the provision estimates made at the date of the balance sheet could lead to a material adjustment in the next 12 months to the carrying amount of the liability recorded.

**Workers' compensation and similar obligations** The provision for workers' compensation and similar obligations relates mainly to the potential settlement of claims by employees in the US for medical benefits and lost wages associated with injuries incurred in the course of their employment, and is essentially long term in nature.

**Provisions in respect of discontinued and disposed businesses** Provisions in respect of discontinued and disposed businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, negotiations in relation to potential claims are ongoing and there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received.

**Onerous contracts** Provisions for onerous contracts represent the liabilities in respect of unavoidable contract losses which will be utilised over the remaining life of each individual contract. The typical length of a client contract is three to five years. A full analysis is performed at least annually of the future profitability of all loss-making contracts and contracts with low profitability, and of the balance sheet items directly linked to these contracts.

**Legal and other claims** Provisions for legal and other claims relate principally to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

**Severance** Provisions for severance primarily represent redundancy costs, including COVID-19 resizing costs. The Group expects these provisions to be substantially utilised within the next year.

**Other** Other provisions include environmental provisions in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements. The Group's aim is to have a low impact on the environment. These provisions are expected to be utilised as operating sites are closed or as environmental matters are resolved.

## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS

### Pension schemes

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's assets. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries.

### UK schemes

UK employees in a pension arrangement are in the Compass Retirement Income Savings Plan (CRISP), a GAD section of the Compass Group Pension Plan (the Plan) or the National Employment Savings Trust (NEST).

CRISP was launched on 1 February 2003 and has been the main vehicle for pension provision for eligible new joiners in the UK since that date. CRISP is a defined contribution (money purchase) arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 5%). Within CRISP, a new defined contribution section was established from April 2006 known as the Compass Higher Income Plan (CHIP). Senior employees who contribute to CRISP are offered an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Group's discretion. A CHIP payment may be taken in part, or in whole, as a cash allowance instead of a pension contribution.

CRISP has a corporate trustee. The Chairman is a former employee of the Group. The other five trustee directors are UK-based employees of the Group, two of whom have been nominated by CRISP members. There is a vacancy for a trustee director to be nominated by CRISP members and applications are being sought for the position.

The Plan is a defined benefit arrangement, which provides predominantly final salary benefits. Those UK employees who transferred from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006, typically up until 31 March 2015, have been eligible to join the Plan, which has otherwise been closed to new entrants since 2003. Such transferees entered into the GAD sections of the Plan and are known as 'GAD members'. However, under the Government's revised guidance for 'Fair Deal for staff pensions', the expectation is, and the approach has been, that the Group participates in the relevant public sector pension scheme and closes the Plan to future entrants. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2022. At the valuation date, the total market value of the assets of the Plan was £2,617m which represented 113% of the benefits that had accrued to members after allowing for expected future increases in earnings. A revised schedule of contributions has been agreed by the trustee and the Company and, with effect from 1 October 2022, the Company pays contributions to the Plan at a rate of 47.1% of pensionable pay (previously 57.2%).

The Plan is reappraised half-yearly for accounting purposes by independent actuaries in accordance with IAS 19 Employee Benefits requirements.

The Plan has a corporate trustee. There is an independent chairman and one other independent trustee director. There are a further five trustee directors who are either UK-based employees or former employees of the Group (three of whom have been nominated by Plan members). The Plan operates under the Fifth Definitive Trust Deed dated 25 March 2013 and subsequent amendments and relevant legislation (principally the Pensions Acts 1993, 1995, 2004 and 2021), with regulatory oversight from the Pensions Regulator.

The Group is subject to the Pension Automatic Enrolment Regulations for its workforce in the UK. All new UK employees who meet the statutory eligibility criteria, and who do not join CRISP or the Plan, are automatically enrolled into the NEST. Responsibility for the Group's ongoing compliance with the Pension Automatic Enrolment Regulations and for ensuring that the administration and investment of funds relating to automatic enrolment remain appropriate lies with the Group's Pension Automatic Enrolment Governance Committee.

### US schemes

In the US, the main vehicles for retirement provision are the defined contribution plans. The defined benefit plans are closed to new participants. Compass USA has taken out life insurance policies and invested in mutual funds to meet these unfunded defined benefit pension obligations, working towards a 100% funding level on a projected salary basis.

The Group also has a non-qualified deferred compensation plan (Rabbi Trust), which is a salary sacrifice scheme providing a tax-efficient way of saving for senior management. Employee and employer contributions to the plan are invested on behalf of the employees in investment funds and they are entitled to the assets and their returns on or after leaving the Group. Plan benefits are paid in cash. Participants can elect to receive payment either as a lump sum or in annual instalments over 5 to 15 years.

Compass USA engages with a number of unions and is required to abide by the individual collective bargaining agreements (CBA) negotiated with each union. Under the terms of these CBAs, Compass USA is required to pay the union members' salary and contribute to various multi-employer benefit plans which include (i) post-employment benefits, including pensions and post-employment healthcare, (ii) defined contribution plans, such as 401(k) and annuity and savings plans and (iii) other plans which include legal funds, training funds and education funds.

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## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Participation in multi-employer pension plans bears risks that differ from single-employer plans. These risks include:

- assets contributed to the plans by Compass USA may be used to provide benefits to employees of other participating employers
- if a participating employer stops contributing to the plan for any reason, the unfunded obligation remaining may transition to the remaining employers participating in the plan
- if Compass USA stops participating in the plan for any reason, it may be required to pay a proportionate amount to the plan for its share of the unfunded liability, known as a withdrawal liability

Compass USA is involved with 39 multi-employer benefit plans (2021: 39). The Group is not aware of, and has no reasonable expectation that, any plan in which it currently participates is in imminent danger of becoming insolvent or is likely to experience a mass withdrawal.

These plans are accounted for as defined contribution plans as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £30m in the year (2021: £14m) to these arrangements.

### Other schemes

In Canada, Germany, Norway, Spain and Switzerland, the Group also participates in funded defined benefit arrangements.

In other countries, Group employees participate primarily in state arrangements to which the Group makes the appropriate contributions.

Other than where required by local regulation or statute, the defined benefit schemes are closed to new entrants. For these schemes, the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

### Defined benefit schemes

The Group's obligations in respect of defined benefit pension schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value and the fair value of scheme assets is then deducted. The discount rate used is the yield at the valuation date on high-quality corporate bonds, with terms consistent with the timing of the expected benefit payments over future years.

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions which include inflation, expected salary and pension increases, and life expectancy of members. It is important to note that comparatively small changes in the assumptions used may have a significant effect on the consolidated income statement and balance sheet.

The liabilities of the defined benefit schemes are measured by discounting the best estimate of future benefit cash outflows using the projected unit credit method. This method is an accrued benefits valuation method that makes allowances for projected earnings. These calculations are performed by a qualified actuary.

The split of defined benefit liabilities on an IAS 19 basis between active, deferred and pensioner members is shown below:

	2022			2021		
	Active	Deferred	Pensioner	Active	Deferred	Pensioner
UK Plan	1%	46%	53%	1%	47%	52%
UK unfunded arrangements	–	4%	96%	–	6%	94%
US <sup>1</sup>	41%	2%	57%	44%	2%	54%
Other	68%	3%	29%	64%	4%	32%

1. Excluding the Rabbi Trust.

## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Disclosures showing the assets and liabilities of the schemes are set out below. These have been calculated using the following assumptions:

	UK schemes		US schemes		Other schemes	
	2022	2021	2022	2021	2022	2021
Discount rate	<b>5.4%</b>	2.0%	<b>5.1%</b>	2.5%	<b>4.3%</b>	2.4%
Inflation	<b>3.9%</b>	3.7%	<b>2.4%</b>	2.1%	<b>1.4%</b>	1.2%
CPI inflation	<b>3.4%</b>	3.2%	n/a	n/a	n/a	n/a
Rate of increase in salaries	<b>3.9%</b>	3.7%	<b>3.3%</b>	3.0%	<b>2.6%</b>	2.5%
Rate of increase for pensions in payment	<b>3.5%</b>	3.5%	<b>2.4%</b>	2.1%	<b>0.2%</b>	0.2%
Rate of increase for deferred pensions <sup>1</sup>	<b>3.6%</b>	3.4%	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

1. This assumption is presented as a weighted average.

The mortality assumptions used to value the current year UK pension schemes are derived from the S3PA generational mortality tables (2021: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2021 Continuous Mortality Investigation of the UK actuarial profession (2021: 2020 model), with an S-kappa of 7.5, with 119% weighting for male non-pensioners and 113% for male pensioners (2021: 115% weighting for male non-pensioners and 111% for male pensioners) and 106% weighting for female non-pensioners and 102% weighting for female pensioners (2021: 102% weighting for all females), with a long-term underpin of 1.5% per annum (2021: 1.5% per annum). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the UK and US plans' liabilities to be 13 years (2021: 17 years) and 7 years (2021: 9 years), respectively.

The directors have considered the potential impact of the COVID-19 pandemic and climate change and, at the present time, do not believe that there is sufficient evidence to require a change in the long-term mortality assumptions. The directors will continue to monitor any potential future impact on the mortality assumptions used.

Examples of the resulting life expectancies for the UK Plan are as follows:

LIFE EXPECTANCY AT AGE 65	2022		2021	
	Male	Female	Male	Female
Member aged 65 in 2022 (2021)	<b>21.4</b>	<b>24.0</b>	21.5	24.4
Member aged 65 in 2047 (2046)	<b>23.1</b>	<b>25.9</b>	23.4	26.6

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of pension schemes.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries. The mortality assumptions used to value US schemes are derived from the mortality table Pri-2012 (2021: Pri-2012) and MP2021 generational scale (2021: MP2020). Examples of the resulting life expectancies for the US schemes are as follows:

LIFE EXPECTANCY AT AGE 65	2022		2021	
	Male	Female	Male	Female
Member aged 65 in 2022 (2021)	<b>21.9</b>	<b>23.3</b>	21.8	23.2
Member aged 65 in 2047 (2046)	<b>23.6</b>	<b>25.0</b>	23.5	24.9

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## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

### Risks

The Group bears a number of risks in relation to its defined benefit pension schemes. These risks and how they are mitigated for the Group's largest defined benefit plan are described below:

Risk	Description of risk	Mitigation
<b>Interest rate</b>	A decrease in corporate bond yields will increase the schemes' benefit obligations under IAS 19. The schemes are therefore exposed to the risk that falls in interest rates will decrease the schemes' surplus.	As part of the investment strategy, the UK Plan aims to mitigate this risk through investment in a liability-driven investment (LDI) portfolio. LDI is a form of investing designed to match to a large extent the movement in pension plan assets with the movement in projected benefit obligations over time.
<b>Inflation</b>	The schemes' benefit obligations are linked to inflation. A higher rate of expected long-term inflation will therefore lead to higher liabilities, both for the IAS 19 and funding liability.	The UK Plan contains caps on increases in scheme benefits to mitigate the risk of increases in inflation. Additionally, the UK Plan invests in LDI products which increase (decrease) in value when expectations of future inflation rates increase (fall), thus providing protection against inflation risk.
<b>Investment</b>	Asset returns can be volatile and there is a risk that the value of pension schemes' assets may not move in line with changes in pension scheme liabilities.	To mitigate against investment risk, the UK Plan invests in a way which aims to hedge a large proportion of the movements in the corresponding liabilities and investments are diversified across and within asset classes to avoid overexposure to any one asset class or market. The trustees and the Group regularly monitor the funding position and operate a diversified investment strategy.
<b>Life expectancy</b>	The schemes' obligations are to provide benefits for the life of the member and therefore increases in life expectancy will lead to higher liabilities.	The UK Plan's trustees and the Group regularly monitor the impact of changes in longevity on scheme obligations.

The Plan's investment strategy has performed as expected during the market volatility that followed the UK government's mini-budget on 23 September. The trustee makes use of LDI but, given the de-risked portfolio, there is very low leverage meaning there have been no calls for additional collateral from the Plan's LDI manager and there has been no interruption to the interest rate and inflation hedge. The trustee expects the funding level to have remained fairly stable throughout this period because the fall in assets will have been matched by a similar fall in the liabilities.

### Sensitivity analysis

Measurement of the Group's defined benefit obligations is particularly sensitive to changes in key assumptions, including discount rate, inflation and life expectancy. The sensitivities of the principal assumptions used to measure the defined benefit obligations of the schemes are set out below:

Assumption	Change in assumption	Impact on scheme obligations 2022	Impact on scheme obligations 2021
<b>UK SCHEMES</b>			
Discount rate	Increase by 0.5%	<b>Decrease by £90m</b>	Decrease by £201m
	Decrease by 0.5%	<b>Increase by £95m</b>	Increase by £214m
Inflation	Increase by 0.5%	<b>Increase by £56m</b>	Increase by £124m
	Decrease by 0.5%	<b>Decrease by £54m</b>	Decrease by £99m
CPI Inflation	Increase by 0.5%	<b>Increase by £12m</b>	Increase by £24m
	Decrease by 0.5%	<b>Decrease by £12m</b>	Decrease by £24m
Life expectations from age 65	Increase by 1 year	<b>Increase by £55m</b>	Increase by £107m
<b>US AND OTHER SCHEMES</b>			
Discount rate	Increase by 0.5%	<b>Decrease by £9m</b>	Decrease by £13m
	Decrease by 0.5%	<b>Increase by £10m</b>	Increase by £14m
Inflation	Increase by 0.5%	<b>Increase by £3m</b>	Increase by £5m
	Decrease by 0.5%	<b>Decrease by £3m</b>	Decrease by £5m
Life expectations from age 65	Increase by 1 year	<b>Increase by £4m</b>	Increase by £6m

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). The impact of a change in the UK inflation rate shown above includes the impact of a change in both the RPI and CPI inflation rates.

## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The Group's net pension surplus or deficit is the difference between the schemes' assets and liabilities. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the changes in assumptions. For example, a fall in interest rates will increase the schemes' liabilities, but may also trigger an offsetting increase in the market value of certain assets so there may be little effect on the Group's net asset or liability.

### Plan assets

At 30 September 2022, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown by major category below:

FAIR VALUE OF PLAN ASSETS BY MAJOR CATEGORY	2022				2021			
	UK Plan £m	US <sup>1</sup> £m	Other £m	Total £m	UK Plan £m	US £m	Other £m	Total £m
<b>EQUITIES</b>								
Quoted global equities <sup>2</sup>	<b>87</b>	—	<b>28</b>	<b>115</b>	120	247	28	395
<b>GOVERNMENT BONDS</b>								
Quoted UK fixed interest <sup>2</sup>	<b>504</b>	—	—	<b>504</b>	763	—	—	763
Quoted UK index linked <sup>2</sup>	<b>816</b>	—	—	<b>816</b>	1,170	—	—	1,170
Quoted overseas	—	—	—	—	—	—	3	3
<b>CORPORATE BONDS</b>								
Quoted corporate bonds <sup>2</sup>	<b>250</b>	—	<b>21</b>	<b>271</b>	424	52	—	476
Quoted diversified securities	—	—	<b>16</b>	<b>16</b>	—	—	41	41
<b>OTHER</b>								
Quoted property funds	—	—	<b>21</b>	<b>21</b>	—	182	20	202
Unquoted property funds <sup>3</sup>	<b>341</b>	—	—	<b>341</b>	206	—	1	207
Unquoted insurance policies	—	—	<b>6</b>	<b>6</b>	—	—	6	6
Cash and cash equivalents	<b>21</b>	—	<b>3</b>	<b>24</b>	11	65	3	79
Other	—	—	<b>13</b>	<b>13</b>	—	—	11	11
<b>At 30 September</b>	<b>2,019</b>	—	<b>108</b>	<b>2,127</b>	2,694	546	113	3,353

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).
2. The quoted assets held by the UK Plan are held in unitised funds which are not traded on an active market.
3. The UK Plan's unquoted property fund assets comprise a UK property fund of £187m (2021: £92m) and a global property fund of £154m (2021: £114m). The UK property fund's value is based on the net asset value at 30 September 2022. The global property fund's value is based on a US dollar net asset value at 30 June 2022 converted at the exchange rate at 30 September 2022. There has been no material change in the fair value of the global property fund between 30 June and 30 September 2022.

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## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The UK Plan has holdings of diversified global equity assets, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. In respect of investments held in global equities, there is also a risk of unfavourable currency movements. The trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

The UK Plan also holds corporate bonds and other fixed-interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by the UK government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

The trustees of the UK Plan have integrated climate change considerations into their long-term decision-making and reporting processes across all classes of assets, actively engaging with all fund and portfolio managers.

### Net post-employment benefit assets and obligations recognised in the balance sheet

	2022		
	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m
<b>POST-EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET</b>			
UK Plan	2,019	(1,438)	—
<b>Post-employment benefit assets</b>	<b>2,019</b>	<b>(1,438)</b>	<b>—</b>
UK unfunded arrangements	—	(30)	—
US <sup>1</sup>	—	(660)	—
Other	108	(172)	(5)
<b>Post-employment benefit obligations</b>	<b>108</b>	<b>(862)</b>	<b>(5)</b>
<b>Net post-employment benefit obligations</b>			<b>(178)</b>

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).

	2021		
	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m
<b>POST-EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET</b>			
UK Plan	2,694	(2,341)	—
Post-employment benefit assets	2,694	(2,341)	—
UK unfunded arrangements	—	(49)	—
US	546	(644)	—
Other	113	(183)	(7)
Post-employment benefit obligations	659	(876)	(7)
Net post-employment benefit assets			129

## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

MOVEMENTS IN NET DEFINED BENEFIT ASSET/(OBLIGATION)	2022				2021			
	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m	Total £m	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m	Total £m
At 1 October	3,353	(3,217)	(7)	129	3,419	(3,229)	–	190
Transfer to other investments <sup>1</sup>	(546)	–	–	(546)	–	–	–	–
Current service cost	–	(21)	–	(21)	–	(21)	–	(21)
Past service credit/(cost)	–	1	–	1	–	(2)	–	(2)
Plan settlements	–	–	–	–	–	2	–	2
Administration expenses <sup>2</sup>	(4)	–	–	(4)	(3)	–	–	(3)
Interest income/(expense)	54	(66)	–	(12)	51	(49)	–	2
Remeasurements – financial assumptions	–	1,063	–	1,063	–	(72)	–	(72)
Remeasurements – demographic assumptions	–	28	–	28	–	10	–	10
Remeasurements – experience adjustments	–	(53)	–	(53)	–	(4)	–	(4)
Return on plan assets, excluding interest income	(668)	–	–	(668)	(6)	–	–	(6)
Change in asset ceiling, excluding interest income	–	–	3	3	–	–	(7)	(7)
Employer contributions	18	–	–	18	30	–	–	30
Employee contributions <sup>1</sup>	2	(50)	–	(48)	31	(31)	–	–
Benefits paid <sup>1</sup>	(96)	140	–	44	(149)	149	–	–
Disposals	–	2	–	2	–	–	–	–
Currency adjustment	14	(127)	(1)	(114)	(20)	30	–	10
<b>At 30 September</b>	<b>2,127</b>	<b>(2,300)</b>	<b>(5)</b>	<b>(178)</b>	<b>3,353</b>	<b>(3,217)</b>	<b>(7)</b>	<b>129</b>

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see below).
2. The expenses of running the UK Plan are met directly by the UK Plan rather than by the principal employer.

In the UK, the most material financial assumption is the discount rate, which increased significantly from 2.0% at 30 September 2021 to 5.4% at 30 September 2022, which resulted in an actuarial gain of £929m on the post-employment benefit obligations.

The assets of the Rabbi Trust are exactly matched by its liabilities and, therefore, the investments have historically been offset against the post-employment benefit obligations to reflect the economics of the arrangement. However, they are presented as other investments at 30 September 2022 on the basis that they are not plan assets as defined by IAS 19 (see note 14). Dividends received from the investments of £20m are included in other financing items (see note 4). Interest expense on the post-employment benefit obligations is included in interest on net post-employment benefit obligations totalling £12m in other financing items (see note 4). Prior year comparative information has not been restated on the basis that, with no impact on operating profit, net assets or cash flows, the change in presentation is not considered to be material to the financial statements.

Certain Group companies have taken out life insurance policies and invested in mutual funds to meet unfunded pension obligations. The current value of these policies and other assets of £85m (2021: £72m) may not be offset against post-employment benefit obligations under IAS 19 (see note 14).

Net post-employment benefit assets, including the Rabbi Trust investments, life insurance policies and mutual fund investments, is shown below:

	2022 £m	2021 £m
Net post-employment benefit (obligations)/assets	(178)	129
Rabbi Trust investments (see note 14)	566	–
Mutual fund investments (see note 14)	52	38
Life insurance policies (see note 14)	33	34
<b>Net post-employment benefit assets</b>	<b>473</b>	<b>201</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

## 23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

### Amounts recognised in the income statement

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	2022				2021			
	UK £m	US £m	Other £m	Total £m	UK £m	US £m	Other £m	Total £m
Current service cost	1	13	7	21	1	11	9	21
Past service (credit)/cost <sup>1</sup>	–	–	(1)	(1)	2	–	–	2
Plan settlements	–	–	–	–	–	–	(2)	(2)
Administration expenses	4	–	–	4	3	–	–	3
<b>Charged to operating expenses</b>	<b>5</b>	<b>13</b>	<b>6</b>	<b>24</b>	6	11	7	24
Interest on net post-employment benefit assets/obligations	(6)	15	3	12	(6)	2	2	(2)
<b>(Credited)/charged to finance costs</b>	<b>(6)</b>	<b>15</b>	<b>3</b>	<b>12</b>	(6)	2	2	(2)
<b>Total</b>	<b>(1)</b>	<b>28</b>	<b>9</b>	<b>36</b>	–	13	9	22

1. As a result of the High Court ruling on Guaranteed Minimum Pension (GMP) equalisation, the Group recognised a £2m past service cost in the prior year.

The Group recognised a charge of £175m (2021: £124m) in respect of contributions to defined contribution schemes during the year.

### Amounts recognised in other comprehensive income

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2022 £m	2021 £m
Effect of changes in financial assumptions	1,063	(72)
Effect of changes in demographic assumptions	28	10
Effect of experience adjustments	(53)	(4)
<b>Remeasurement of post-employment benefit obligations</b>	<b>1,038</b>	<b>(66)</b>
Return on plan assets, excluding interest income	(668)	(6)
Change in asset ceiling, excluding interest income	3	(7)
<b>Total</b>	<b>373</b>	<b>(79)</b>

### Contributions

The Group made total contributions to defined benefit schemes of £31m (including the Rabbi Trust) in the year (2021: £30m) and expects to make a similar level of contributions to these schemes in 2023.

The UK Plan is the largest scheme in the Group and was in surplus on a funding basis at the date of the most recent actuarial valuation as at 5 April 2022 and no deficit contributions are currently required. The remaining Group-funded schemes do not have significant minimum funding requirements whilst contributions to unfunded pension schemes are quite stable. As a result, we do not expect the required future contributions to change substantially beyond next year.

## 24 SHARE CAPITAL AND OTHER RESERVES

### Capital

The Group targets a strong investment-grade credit rating and manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of net debt (see note 33) and total equity.

#### Share capital

SHARE CAPITAL	2022		2021	
	Number	£m	Number	£m
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 11½p each	<b>1,785,403,977</b>	<b>198</b>	1,785,403,977	198
<b>At 30 September</b>	<b>1,785,403,977</b>	<b>198</b>	1,785,403,977	198

#### Treasury shares

During the year, 24,151,566 shares in Compass Group PLC were purchased under the share buyback programme announced in May 2022, which are held in treasury, and 320,851 treasury shares were released to satisfy employee share-based payment commitments (2021: 163,563), leaving a balance held at 30 September 2022 of 25,202,499 (2021: 1,371,784).

#### Share buyback

Consistent with its capital allocation framework, in May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, which represents an average price of £18.20 per share. The total shares purchased to 30 September 2022 represent 1.4% of the Company's share capital (including treasury shares). The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m, which represents an average price of £18.21 per share. The total shares purchased under the programme represent 1.5% of the Company's share capital (including treasury shares).

#### Other reserves

OTHER RESERVES	Share-based	Merger	Revaluation	Translation	Non-controlling	Total other
	payment reserve £m	reserve £m	reserve £m	reserve £m	interest put options reserve £m	reserves £m
At 1 October 2021	271	4,170	7	(392)	(87)	3,969
<b>Other comprehensive income</b>						
Currency translation differences	—	—	—	591	—	591
Reclassification of cumulative currency translation differences on sale of businesses	—	—	—	7	—	7
<b>Total other comprehensive income for the year</b>	—	—	—	598	—	598
Fair value of share-based payments	34	—	—	—	—	34
Change in fair value of non-controlling interest put options	—	—	—	—	(2)	(2)
Changes to non-controlling interests due to acquisitions and disposals	—	—	—	—	(7)	(7)
Reclassification of non-controlling interest put option reserve on exercise of put options	—	—	—	—	5	5
Release of share awards settled in existing shares purchased in the market	(4)	—	—	—	—	(4)
Transfer <sup>2</sup>	(301)	—	—	—	—	(301)
<b>At 30 September 2022</b>	—	4,170	7	206	(91)	4,292

1. Includes a loss of £774m in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.

2. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.

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**24 SHARE CAPITAL AND OTHER RESERVES CONTINUED**

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve <sup>1</sup> £m	Non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2020	254	4,170	7	(215)	(71)	4,145
Other comprehensive income						
Currency translation differences	—	—	—	(154)	—	(154)
Reclassification of cumulative currency translation differences on sale of businesses	—	—	—	(24)	—	(24)
Tax credit on items relating to the components of other comprehensive income	—	—	—	1	—	1
Total other comprehensive loss for the year	—	—	—	(177)	—	(177)
Fair value of share-based payments	20	—	—	—	—	20
Change in fair value of non-controlling interest put options	—	—	—	—	(16)	(16)
Release of share awards settled in existing shares purchased in the market	(3)	—	—	—	—	(3)
At 30 September 2021	271	4,170	7	(392)	(87)	3,969

1. Includes a loss of £584m in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.

**Merger reserve**

The merger reserve arose in 2000 as a result of the merger between Compass and Granada.

**Revaluation reserve**

Fair value reserve arising on the acquisition of the remaining 50% interest in GR SA during 2008. The portion of the fair value adjustment pertaining to the Group's existing 50% shareholding in GR SA was credited to the revaluation reserve in accordance with IFRS 3 Business Combinations.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 25 SHARE-BASED PAYMENTS

### Income statement expense

The Group recognised a charge of £34m (2021: £20m) in respect of share-based payment transactions. All share-based payment plans are equity-settled.

The charge is broken down by share-based payment scheme as follows:

	2022 £m	2021 £m
Long-term incentive plans	27	12
Restricted shares	7	8
	<b>34</b>	<b>20</b>

### Long-term incentive plans

Full details of The Compass Group PLC Long Term Incentive Plan 2018 (2018 LTIP) can be found in the Directors' Remuneration Report on pages 86 to 113.

The following table shows the movement in share awards during the year:

<u>LONG-TERM INCENTIVE PLANS</u>	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	6,353,294	5,688,141
Awarded	3,328,253	2,916,650
Notional Dividend Shares <sup>1</sup>	80,631	—
Vested	(29,082)	—
Lapsed	(2,185,239)	(2,251,497)
<b>Outstanding at 30 September</b>	<b>7,547,857</b>	6,353,294

1. In March 2022, it was announced that eligible awards granted under the 2018 LTIP will accrue dividends in the form of Notional Dividend Shares.

The vesting conditions of the LTIP awards are included in the Directors' Remuneration Report.

The fair value of awards subject to Adjusted Free Cash Flow (AFCF) and Return On Capital Employed (ROCE) performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the AFCF and ROCE forecasts.

For the year ended 30 September 2022, Executive Committee LTIP awards were made on 1 December 2021, 4 February 2022 and 8 February 2022 for which the estimated fair values were 1,140.86p, 1,281.42p and 1,149.04p, respectively. Leadership LTIP awards were also made on 1 December 2021, 15 December 2021 and 18 May 2022 for which the estimated fair values were 1,204.37p, 1,438.55p and 1,761.58p, respectively.

For the year ended 30 September 2021, an Executive Committee LTIP award was made on 1 December 2020 for which the estimated fair value was 986.18p. Leadership LTIP awards were also made on 1 December 2020, 18 May 2021 and 17 June 2021 for which the estimated fair values were 1,041.43p, 1,398.33p and 1,547.21p, respectively.

These awards were all made under the terms of the 2018 LTIP. The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

<u>ASSUMPTIONS – LONG-TERM INCENTIVE PLANS</u>	2022	2021
Expected volatility	39.3%	37.5%
Risk-free interest rate	1.0%	0.4%
Dividend yield <sup>1</sup>	—	2.2%
Expected life	2.9 years	3.0 years
Weighted average share price at date of grant	1,534.85p	1,381.15p

1. In March 2022, it was announced that eligible awards granted under the 2018 LTIP will accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation has been set to zero. The fair value of awards granted in 2021 has been recalculated to reflect this modification and the incremental fair value is being recognised over the period from the date of the modification to the vesting date.

The weighted average share price at the date of vesting for the 29,082 shares that vested in the financial year was 1,455p.

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.4 years (2021: 1.3 years).

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## 25 SHARE-BASED PAYMENTS CONTINUED

### Restricted shares

These are awards to certain employees in order to incentivise the achievement of particular business objectives under specific circumstances or where similar such shares have been forfeited by a new employee on joining the Group. The plan can take different forms such as an award of shares dependent on service or achievement of specific performance conditions other than service.

The following table shows the movement in share awards during the year:

RESTRICTED SHARES	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	<b>939,488</b>	820,868
Awarded	<b>581,246</b>	385,971
Notional Dividend Shares <sup>1</sup>	<b>11,234</b>	—
Vested, released and exercised	<b>(397,632)</b>	(188,152)
Lapsed	<b>(51,111)</b>	(79,199)
<b>Outstanding at 30 September</b>	<b>1,083,225</b>	939,488

1. In March 2022, it was announced that eligible awards granted under the Restricted Share Award Plan will accrue dividends in the form of Notional Dividend Shares.

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model using the following assumptions:

ASSUMPTIONS – RESTRICTED SHARES	2022	2021
Expected volatility	<b>39.4%</b>	38.2%
Risk-free interest rate	<b>1.1%</b>	0.6%
Dividend yield <sup>1</sup>	—	2.2%
Expected life	<b>2.1 years</b>	2.0 years
Weighted average share price at date of grant	<b>1,554.40p</b>	1,459.02p

1. In March 2022, it was announced that eligible awards granted under the Restricted Share Award Plan will accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation has been set to zero. The fair value of awards granted in 2021 has been recalculated to reflect this modification and the incremental fair value is being recognised over the period from the date of the modification to the vesting date.

The weighted average share price at the date of release for restricted share awards released during 2022 was 1,573.85p (2021: 1,467.28p).

### Other share-based payment plans

The following table shows the movements in other share-based payment plans during the year:

OTHER SHARE-BASED PAYMENT PLANS	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	<b>518,151</b>	832,451
Vested and exercised	<b>(174,508)</b>	(179,572)
Lapsed (following net settlement)	<b>(104,740)</b>	(77,223)
Lapsed	<b>(36,481)</b>	(57,505)
<b>Outstanding at 30 September</b>	<b>202,422</b>	518,151

The expense relating to these plans is not significant and no further disclosure is necessary except for the general details provided below:

#### Share options

Full details of The Compass Group Share Option Plan 2010 are set out in prior years' annual reports which are available on the Company's website. The last award under this plan was made in November 2013 and will expire in November 2023.

#### Deferred annual bonus plan (DAB)

Certain senior executives participate in the DAB. A portion of the annual bonus awarded to certain executives is converted into shares. Subject to the achievement of local organic revenue growth and cumulative profit before interest and tax over the three-year deferral period, the number of deferred shares may be increased. Enhancements to the deferred shares are only released to the participants subject to the performance levels being met. The last award under this plan was made in November 2018.

## 26 ACQUISITION, SALE AND CLOSURE OF BUSINESSES

### Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the year, net of cash acquired, was £273m (2021: £167m), including £70m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £10m of acquisition transaction costs included in net cash flow from operating activities.

There were no individually material acquisitions during the current year. A summary of business acquisitions completed during the year is presented in aggregate below:

	2022	2021		
	Book value £m	Fair value £m	Book value £m	Fair value £m
<b>NET ASSETS ACQUIRED</b>				
Goodwill	—	<b>122</b>	—	17
Other intangible assets	<b>17</b>	<b>140</b>	—	15
Right-of-use assets	<b>7</b>	<b>7</b>	—	—
Property, plant and equipment	<b>7</b>	<b>7</b>	2	2
Trade and other receivables	<b>36</b>	<b>36</b>	2	2
Inventories	<b>6</b>	<b>6</b>	1	1
Cash and cash equivalents	—	—	1	1
Lease liabilities	(7)	(7)	—	—
Provisions	(2)	(2)	—	—
Trade and other payables	(36)	(36)	(3)	(3)
Deferred tax liabilities	(6)	(6)	—	—
<b>Fair value of net assets acquired (before non-controlling interests)</b>	<b>267</b>		35	
Non-controlling interests acquired	(8)		(5)	
<b>Fair value of net assets acquired</b>	<b>259</b>		30	
<b>SATISFIED BY</b>				
Cash consideration paid		<b>193</b>	24	
Deferred and contingent consideration payable		<b>66</b>	6	
<b>Total consideration</b>		<b>259</b>	30	
<b>CASH FLOW</b>				
Cash consideration		<b>193</b>	24	
Less: Cash acquired		—	(1)	
Acquisition transaction costs <sup>1</sup>		<b>10</b>	10	
<b>Net cash outflow arising on acquisition</b>		<b>203</b>	33	
Deferred and contingent consideration and other payments relating to businesses acquired in previous years <sup>2</sup>		<b>70</b>	134	
<b>Total cash outflow from purchase of subsidiary companies</b>		<b>273</b>	167	
<b>CONSOLIDATED CASH FLOW STATEMENT</b>				
Net cash flow from operating activities <sup>1</sup>		<b>10</b>	10	
Net cash flow from investing activities		<b>263</b>	157	
<b>Total cash outflow from purchase of subsidiary companies</b>		<b>273</b>	167	

1. Acquisition transaction costs are included in net cash flow from operating activities.

2. 2022 includes contingent consideration paid in respect of the acquisition of Fazer Food Services in January 2020.

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## 26 ACQUISITION, SALE AND CLOSURE OF BUSINESSES CONTINUED

Contingent consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

The fair value adjustments made in respect of acquisitions in the year to 30 September 2022 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

The goodwill arising on the acquisition of the businesses represents the premium the Group has paid to acquire companies which complement the existing business and create significant opportunities for cross-selling and other synergies. The goodwill arising is not expected to be deductible for tax purposes.

The acquisitions did not have a material impact on the Group's revenue or profit for the year.

### Sale and closure of businesses

The Group has recognised a net loss of £7m on the sale and closure of businesses (2021: net gain of £10m), including exit costs of £7m (2021: £nil). Activity in the year included the sale of a 17% shareholding in Highway Royal Co., Limited (Japanese Highways) and the Group's exit from its operations in Russia.

A summary of business disposals completed during the year is presented in aggregate below:

	2022 £m	2021 £m
<b>NET ASSETS DISPOSED</b>		
Goodwill	5	1
Other intangible assets	1	–
Right-of-use assets	–	14
Property, plant and equipment	1	29
Deferred tax assets	1	1
Trade and other receivables	2	19
Inventories	–	25
Cash and cash equivalents	1	–
Assets held for sale	16	–
Lease liabilities	(1)	(16)
Provisions	(2)	(7)
Trade and other payables	(5)	(14)
Post-employment benefit liabilities	(2)	–
<b>Net assets disposed</b>	<b>17</b>	<b>52</b>
<b>CONSOLIDATED INCOME STATEMENT</b>		
Cash consideration	24	32
Deferred consideration	–	4
Less: Net assets disposed	(17)	(52)
Less: Exit costs	(7)	–
Add: Fair value adjustment on classification as other investments	–	2
(Less)/add: Reclassification of cumulative currency translation differences on sale of businesses	(7)	24
<b>Net (loss)/gain on sale and closure of businesses</b>	<b>(7)</b>	<b>10</b>
<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
Cash consideration	24	32
Exit costs	(3)	–
Cash and cash equivalents disposed	(1)	–
Tax receipts/(payments) in respect of prior year business disposals	15	(43)
<b>Net proceeds/(payments) from sale of subsidiary companies, joint ventures and associates net of exit costs</b>	<b>35</b>	<b>(11)</b>

### Assets held for sale

The Group's balance sheet includes interests in joint ventures and associates held for sale of £26m (2021: £17m) which represent a further 28% shareholding in Japanese Highways which it has agreed to sell. The non-recurring fair value measurement of the business held for sale is categorised as a Level 3 fair value and is based on the agreed sale price.

## 27 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	2022 £m	2021 £m
<b>Operating profit before joint ventures and associates</b>	<b>1,455</b>	514
<i>Adjustments for:</i>		
Acquisition-related costs <sup>1</sup>	82	96
COVID-19 resizing (credit)/costs	(4)	157
One-off pension charge	—	2
Amortisation – other intangible assets	100	79
Amortisation – contract fulfilment assets	214	200
Amortisation – contract prepayments	40	28
Depreciation – right-of-use assets	156	156
Depreciation – property, plant and equipment	260	250
Unwind of costs to obtain contracts	18	16
Impairment losses – other intangible assets <sup>2</sup>	3	8
Impairment losses – contract fulfilment assets <sup>2</sup>	3	11
Impairment losses – right-of-use assets <sup>2</sup>	4	5
Impairment losses – property, plant and equipment <sup>2</sup>	5	10
Impairment reversals – right-of-use assets	(3)	—
Impairment reversals – property, plant and equipment	(1)	(4)
Loss on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	—	35
Other non-cash changes	(4)	(4)
Decrease in provisions	(77)	(182)
Investment in contract prepayments	(64)	(40)
Increase in costs to obtain contracts <sup>3</sup>	(31)	(22)
Post-employment benefit obligations net of service costs	(7)	(8)
Share-based payments – charged to profit	34	20
<b>Operating cash flow before movements in working capital</b>	<b>2,183</b>	1,327
Increase in inventories	(122)	(50)
Increase in receivables	(876)	(497)
Increase in payables	839	712
<b>Cash generated from operations</b>	<b>2,024</b>	1,492

1. The adjustment for acquisition-related costs excludes acquisition transaction costs of £10m (2021: £10m) as acquisition transaction costs are included in cash flows from operating activities.

2. 2021 impairment losses on contract-related non-current assets (£32m) and other assets (£2m) re-presented by asset category.

3. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise out of cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities is £218m (2021: £231m).

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## 28 MOVEMENTS IN ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022	1 October 2021 £m	Cash outflow/(inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation losses £m	30 September 2022 £m
Borrowings (excluding bank overdrafts)	(3,451)	(380)	318	—	(200)	(3,713)
Lease liabilities	(845)	152	3	(139)	(84)	(913)
Derivative financial instruments	102	67	(251)	—	(14)	(96)
<b>Net movement in assets and liabilities arising from financing activities</b>		<b>(161)</b>				
Purchase of own shares – share buyback programme		425				
Purchase of own shares – employee share-based payments		6				
Purchase of non-controlling interests		2				
Dividends paid to equity shareholders		418				
Dividends paid to non-controlling interests		3				
<b>Net cash flow from financing activities</b>		<b>693</b>				
MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021	1 October 2020 £m	Cash outflow/(inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation gains/(losses) £m	30 September 2021 £m
Borrowings (excluding bank overdrafts)	(3,682)	7	88	—	136	(3,451)
Lease liabilities	(942)	153	20	(103)	27	(845)
Derivative financial instruments	231	(11)	(63)	—	(55)	102
Net movement in assets and liabilities arising from financing activities		149				
Purchase of own shares – employee share-based payments		3				
<b>Net cash flow from financing activities</b>		<b>152</b>				

Non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS	2022 £m	2021 £m
Amortisation of fees and discounts on issue of debt	(3)	(4)
Fees and discounts accrued on issue of debt	1	—
Changes in fair value of borrowings in a fair value hedge	320	92
<b>Borrowings</b>	<b>318</b>	88
Lease liabilities acquired through business acquisitions	(7)	—
Lease liabilities derecognised on sale and closure of businesses	1	16
COVID-19 rent concessions	2	4
Reclassification	7	—
<b>Lease liabilities</b>	<b>3</b>	20
<b>Changes in fair value of derivative financial instruments</b>	<b>(251)</b>	(63)
<b>Total</b>	<b>70</b>	45

## 29 CONTINGENT LIABILITIES

### Performance bonds, guarantees and indemnities

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2022 £m	2021 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings) <sup>1</sup>	402	366

1. Excludes post-employment obligations, borrowings and lease liabilities.

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint arrangements and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

## 29 CONTINGENT LIABILITIES CONTINUED

### Litigation and claims

The Group is involved in various legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

The increasingly complex international corporate tax environment and an increase in audit activity from tax authorities means that the potential for tax uncertainties has increased. The Group is currently subject to a number of reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues. None of these audits are currently expected to have a material impact on the Group's financial position.

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations. The federal tax authorities in Brazil have issued a number of notices of deficiency relating primarily to the PIS/COFINS treatment of certain food costs and the corporate income tax treatment of goodwill deductions which we have formally objected to and which are now proceeding through the appeals process. At 30 September 2022, the total amount assessed in respect of these matters is £68m. The possibility of further assessments cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisors, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded. We therefore do not currently expect any of these issues to have a material impact on the Group's financial position.

## 30 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2022 £m	2021 £m
Contracted for but not provided for	639	521

The majority of capital commitments are for intangible assets.

## 31 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of Compass Group PLC:

### Subsidiaries

Transactions between the ultimate parent company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

### Joint ventures

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the year.

### Associates

There were no significant transactions with associated undertakings during the year.

### Key management personnel

The remuneration of directors and key management personnel is set out in note 3. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

### Post-employment benefit schemes

Details of the Group's post-employment benefit schemes are set out in note 23.

## 32 POST-BALANCE SHEET EVENTS

On 3 October 2022, the Group sold four businesses in Central and Eastern Europe, Czech Republic, Hungary, Slovakia and Romania, for consideration of £62m. The aggregate net assets of the businesses sold were not material to the consolidated financial statements at 30 September 2022.

On 21 November 2022, a final dividend in respect of 2022 of 22.1p per share, £389m in aggregate, was declared.

In the period from 1 October to 11 November 2022, 3,447,549 shares were repurchased for a total price, including transaction costs, of £63m under the share buyback programme announced in May 2022. In November 2022, we announced a further share buyback of up to £250m, to take place during the first half of the 2023 financial year, taking the total buyback to £750m.

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### 33 NON-GAAP MEASURES

#### Introduction

The Executive Committee manages and assesses the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. Management believes that the Group's underlying and alternative performance measures, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy.

In determining the adjustments to arrive at underlying results, we use a set of established principles relating to the nature and materiality of individual items or groups of items, including, for example, events which: (i) are outside the normal course of business; (ii) are incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business; or (iii) are related to business acquisitions or disposals as they are not part of the Group's ongoing trading business and the associated cost impact arises from the transaction rather than from the continuing business.

#### Definitions

Measure	Definition	Purpose
<b>INCOME STATEMENT</b>		
<b>Underlying revenue</b>	Revenue plus share of revenue of joint ventures.	Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.
<b>Underlying operating profit</b>	Operating profit excluding specific adjusting items <sup>2</sup> .	Provides a measure of operating profitability that is comparable over time.
<b>Underlying operating margin<sup>1</sup></b>	Underlying operating profit divided by underlying revenue.	An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.
<b>Organic revenue<sup>1</sup></b>	Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates.  Where applicable, a 53rd week is excluded from the current or prior year.	Embody our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.
<b>Organic operating profit</b>	Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates.  Where applicable, a 53rd week is excluded from the current or prior year.	Provides a measure of operating profitability that is comparable over time.
<b>Underlying finance costs</b>	Finance costs excluding specific adjusting items <sup>2</sup> .	Provides a measure of the Group's cost of financing excluding items outside of the control of management.
<b>Underlying profit before tax</b>	Profit before tax excluding specific adjusting items <sup>2</sup> .	Provides a measure of Group profitability that is comparable over time.

1. Key Performance Indicator.

2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.

### 33 NON-GAAP MEASURES CONTINUED

#### Definitions continued

Measure	Definition	Purpose
<b>INCOME STATEMENT (CONTINUED)</b>		
<b>Underlying income tax expense</b>	Income tax expense excluding tax attributable to specific adjusting items <sup>2</sup> .	Provides a measure of income tax expense that is comparable over time.
<b>Underlying effective tax rate</b>	Underlying income tax expense divided by underlying profit before tax.	Provides a measure of the effective tax rate that is comparable over time.
<b>Underlying profit for the year</b>	Profit for the year excluding specific adjusting items <sup>2</sup> and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
<b>Underlying profit attributable to equity shareholders (underlying earnings)</b>	Profit for the year attributable to equity shareholders excluding specific adjusting items <sup>2</sup> and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
<b>Underlying earnings per share<sup>1</sup></b>	Earnings per share excluding specific adjusting items <sup>2</sup> and tax attributable to those items.	Measures the performance of the Group in delivering value to shareholders.
<b>Net operating profit after tax (NOPAT)</b>	Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.	Provides a measure of Group operating profitability that is comparable over time.
<b>Underlying EBITDA</b>	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract-related assets.	Provides a measure of Group operating profitability that is comparable over time.
<b>BALANCE SHEET</b>		
<b>Net debt</b>	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.	Allows management to monitor the indebtedness of the Group.
<b>Net debt to EBITDA</b>	Net debt divided by underlying EBITDA.	Provides a measure of the Group's ability to finance and repay its debt from its operations.
<b>Capital employed</b>	Total equity shareholders' funds, excluding: net debt; post-employment benefit assets and obligations; and investments held to meet the cost of unfunded post-employment benefit obligations.	Provides a measure of the Group's efficiency in allocating its capital to profitable investments.
<b>Return on Capital Employed (ROCE)<sup>1</sup></b>	NOPAT divided by 12-month average capital employed.	ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or bolt-on acquisitions.
<b>CASH FLOW</b>		
<b>Capital expenditure</b>	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.	Provides a measure of expenditure on long-term intangible, tangible and contract-related assets, net of the proceeds from disposal of intangible, tangible and contract-related assets.
<b>Underlying operating cash flow</b>	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, repayment of principal under lease liabilities and share of results of joint ventures and associates, and excluding interest and net tax paid, post-employment benefit obligations net of service costs, cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.

1. Key Performance Indicator.

2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
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### 33 NON-GAAP MEASURES CONTINUED

#### Definitions continued

Measure	Definition	Purpose
<b>CASH FLOW (CONTINUED)</b>		
<b>Underlying operating cash flow conversion</b>	Underlying operating cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
<b>Free cash flow</b>	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
<b>Underlying free cash flow<sup>1</sup></b>	Free cash flow excluding cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
<b>Underlying free cash flow conversion</b>	Underlying free cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
<b>Underlying cash tax rate</b>	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.
<b>BUSINESS GROWTH</b>		
<b>New business</b>	Current year underlying revenue for the period in which no revenue had been recognised in the prior year.	The measure of incremental revenue in the current year from new business.
<b>Lost business</b>	Prior year underlying revenue for the period in which no revenue has been recognised in the current year.	The measure of lost revenue in the current year from ceased business.
<b>Net new business<sup>3</sup></b>	New business minus lost business as a percentage of prior year organic revenue.	The measure of net incremental revenue in the current year from business wins and losses.
<b>Retention</b>	100% minus lost business as a percentage of prior year organic revenue.	The measure of our success in retaining business.

1. Key Performance Indicator.

2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.

3. Net new business rebased to 2019 is calculated as new business minus lost business as a percentage of 2019 underlying revenue calculated on a constant-currency basis.

### 33 NON-GAAP MEASURES CONTINUED

#### Reconciliations

##### Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 1 (segmental analysis).

ORGANIC REVENUE	Geographical segments			Central activities £m	Total £m
	North America £m	Europe £m	Rest of World £m		
<b>YEAR ENDED 30 SEPTEMBER 2022</b>					
<b>Underlying revenue</b>	<b>17,139</b>	<b>5,935</b>	<b>2,697</b>	—	<b>25,771</b>
Organic adjustments	(74)	(51)	(47)	—	(172)
<b>Organic revenue</b>	<b>17,065</b>	<b>5,884</b>	<b>2,650</b>	—	<b>25,599</b>
<b>YEAR ENDED 30 SEPTEMBER 2021</b>					
Underlying revenue	11,170	4,641	2,325	—	18,136
Currency adjustments	753	(156)	12	—	609
Underlying revenue – constant currency	11,923	4,485	2,337	—	18,745
Organic adjustments	(79)	(21)	(28)	—	(128)
Organic revenue	11,844	4,464	2,309	—	18,617
<b>Increase in underlying revenue at reported rates – %</b>	<b>53.4%</b>	<b>27.9%</b>	<b>16.0%</b>		<b>42.1%</b>
<b>Increase in underlying revenue at constant currency – %</b>	<b>43.7%</b>	<b>32.3%</b>	<b>15.4%</b>		<b>37.5%</b>
<b>Increase in organic revenue – %</b>	<b>44.1%</b>	<b>31.8%</b>	<b>14.8%</b>		<b>37.5%</b>

ORGANIC OPERATING PROFIT	Geographical segments			Central activities £m	Total £m
	North America £m	Europe £m	Rest of World £m		
<b>YEAR ENDED 30 SEPTEMBER 2022</b>					
<b>Underlying operating profit/(loss)</b>	<b>1,236</b>	<b>299</b>	<b>141</b>	<b>(86)</b>	<b>1,590</b>
<b>Underlying operating margin – %</b>	<b>7.2%</b>	<b>5.0%</b>	<b>5.2%</b>		<b>6.2%</b>
Organic adjustments	1	(2)	(4)	—	(5)
<b>Organic operating profit/(loss)</b>	<b>1,237</b>	<b>297</b>	<b>137</b>	<b>(86)</b>	<b>1,585</b>
<b>YEAR ENDED 30 SEPTEMBER 2021</b>					
Underlying operating profit/(loss)	607	147	130	(73)	811
Underlying operating margin – %	5.4%	3.2%	5.6%		4.5%
Currency adjustments	40	(6)	3	—	37
Underlying operating profit/(loss) – constant currency	647	141	133	(73)	848
Organic adjustments	(3)	(1)	(3)	—	(7)
Organic operating profit/(loss)	644	140	130	(73)	841
<b>Increase in underlying operating profit at reported rates – %</b>	<b>103.6%</b>	<b>103.4%</b>	<b>8.5%</b>		<b>96.1%</b>
<b>Increase in underlying operating profit at constant currency – %</b>	<b>91.0%</b>	<b>112.1%</b>	<b>6.0%</b>		<b>87.5%</b>
<b>Increase in organic operating profit – %</b>	<b>92.1%</b>	<b>112.1%</b>	<b>5.4%</b>		<b>88.5%</b>

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### 33 NON-GAAP MEASURES CONTINUED

#### Reconciliations continued

UNDERLYING INCOME STATEMENT	Notes	2022 Statutory £m	Specific adjusting items						2022 Underlying £m
			1	2	3	4	5	6	
Operating profit	1	1,500	92	(4)	—	2	—	—	1,590
Net loss on sale and closure of businesses		(7)	—	—	—	—	7	—	—
Finance costs	4	(24)	—	—	—	—	—	(76)	(100)
<b>Profit before tax</b>		<b>1,469</b>	<b>92</b>	<b>(4)</b>	—	2	7	(76)	<b>1,490</b>
Income tax expense	5	(352)	(25)	(1)	—	(2)	(3)	18	(365)
<b>Profit for the year</b>		<b>1,117</b>	<b>67</b>	<b>(5)</b>	—	—	4	(58)	<b>1,125</b>
Less: Non-controlling interests		(4)	—	—	—	—	—	—	(4)
<b>Profit attributable to equity shareholders</b>		<b>1,113</b>	<b>67</b>	<b>(5)</b>	—	—	4	(58)	<b>1,121</b>
Earnings per share (p)		62.6p	3.8p	(0.3)p	—	—	0.2p	(3.3)p	63.0p
Effective tax rate (%)		24.0%							24.5%

UNDERLYING INCOME STATEMENT	Notes	2021 Statutory £m	Specific adjusting items						2021 Underlying £m
			1	2	3	4	5	6	
Operating profit	1	545	106	157	2	1	—	—	811
Net gain on sale and closure of businesses		10	—	—	—	—	(10)	—	—
Finance costs	4	(91)	—	—	—	—	—	(22)	(113)
Profit before tax		464	106	157	2	1	(10)	(22)	698
Income tax expense	5	(107)	(21)	(41)	—	(1)	(5)	4	(171)
Profit for the year		357	85	116	2	—	(15)	(18)	527
Less: Non-controlling interests		—	—	—	—	—	—	—	—
Profit attributable to equity shareholders		357	85	116	2	—	(15)	(18)	527
Earnings per share (p)		20.0p	4.7p	6.5p	0.1p	—	(0.8)p	(1.0)p	29.5p <sup>1</sup>
Effective tax rate (%)		23.1%							24.5%

1. 30.9p on a constant-currency basis.

Specific adjusting items are as follows:

#### 1. Acquisition-related costs

Represent charges in respect of intangible assets acquired through business combinations, direct costs incurred as part of a business combination or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity (see note 2).

#### 2. COVID-19 resizing costs

Prior year charges related to cost actions taken to adjust our business to the trading environment in light of the COVID-19 pandemic (see note 2).

#### 3. One-off pension charge

The £2m prior year pension charge in relation to GMP equalisation was classified as a specific adjusting item consistent with the classification of the £12m charge recognised in 2019 following the original High Court hearing (see note 23).

#### 4. Tax on share of profit of joint ventures

Reclassification of tax on share of profit of joint ventures to income tax expense.

#### 5. Gains and losses on sale and closure of businesses

Profits and losses on the sale of subsidiaries, joint ventures, associates and other financial assets, and exit costs on closure of businesses (see note 26).

#### 6. Other financing items

Financing items, including hedge accounting ineffectiveness, change in the fair value of derivatives held for economic hedging purposes, change in the fair value of investments, dividends received from Rabbi Trust investments and interest on net post-employment benefit assets or obligations (see note 4).

### 33 NON-GAAP MEASURES CONTINUED

#### Reconciliations continued

	2022 £m	2021 £m
<b>NET OPERATING PROFIT AFTER TAX (NOPAT)</b>		
<b>Underlying operating profit</b>	<b>1,590</b>	811
Less: Tax on underlying operating profit at effective tax rate	(390)	(199)
Less: Operating profit of non-controlling interests net of tax	(4)	—
<b>NOPAT</b>	<b>1,196</b>	612
<b>UNDERLYING EBITDA</b>		
<b>Underlying operating profit</b>	<b>1,590</b>	811
<i>Add back/(deduct):</i>		
Depreciation of property, plant and equipment and right-of-use assets	416	406
Amortisation of intangible assets, contract fulfilment assets and contract prepayments (excluding amortisation of intangibles arising on acquisition)	354	307
Impairment losses – contract-related non-current assets	15	32
Impairment losses – other	—	2
Impairment reversals – contract-related non-current assets	(4)	(4)
<b>Underlying EBITDA</b>	<b>2,371</b>	1,554
<b>Balance sheet</b>		
<b>COMPONENTS OF NET DEBT</b>		
Borrowings	(3,964)	(3,635)
Lease liabilities	(913)	(845)
Derivative financial instruments	(96)	102
<b>Gross debt</b>	<b>(4,973)</b>	(4,378)
Cash and cash equivalents	1,983	1,840
<b>Net debt</b>	<b>(2,990)</b>	(2,538)
<b>NET DEBT RECONCILIATION</b>		
<b>Net increase in cash and cash equivalents</b>	<b>29</b>	292
Deduct: Increase in borrowings	(677)	—
Add back: Repayment of borrowings	297	7
Add back/(deduct): Net cash flow from derivative financial instruments	67	(11)
Add back: Repayment of principal under lease liabilities	152	153
<b>(Increase)/decrease in net debt from cash flows</b>	<b>(132)</b>	441
New lease liabilities and amendments	(139)	(103)
Amortisation of fees and discounts on issue of debt	(3)	(4)
Fees and discounts accrued on issue of debt	1	—
Changes in fair value of borrowings in a fair value hedge	320	92
Lease liabilities acquired through business acquisitions	(7)	—
Lease liabilities derecognised on sale and closure of businesses	1	16
COVID-19 rent concessions	2	4
Reclassification	7	—
Changes in fair value of derivative financial instruments	(251)	(63)
Currency translation (losses)/gains	(251)	83
<b>(Increase)/decrease in net debt</b>	<b>(452)</b>	466
Net debt at 1 October	(2,538)	(3,006)
Cash reclassified from held for sale	—	2
<b>Net debt at 30 September</b>	<b>(2,990)</b>	(2,538)

1. Re-presented to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement. Accordingly, the prior year increase in borrowings has reduced from £11m to £nil and a net cash inflow from derivative financial instruments of £11m has been included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
For the year ended 30 September 2022

### 33 NON-GAAP MEASURES CONTINUED

#### Reconciliations continued

	2022 £m	2021 £m
<b>NET DEBT TO EBITDA</b>		
Net debt	<b>2,990</b>	2,538
Underlying EBITDA	<b>2,371</b>	1,554
<b>Net debt to EBITDA (times)</b>	<b>1.3</b>	1.6

	2022 £m	2021 <sup>1</sup> £m
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>		
NOPAT	<b>1,196</b>	612
Average capital employed	<b>7,567</b>	7,005
<b>ROCE (%)</b>	<b>15.8%</b>	8.7%

1. Re-presented to reflect a simplified definition of capital employed (see page 193). As defined in previous years, ROCE was 7.7% in 2021 on average capital employed of £7,931m, which also excluded deferred tax on post-employment benefit assets and obligations, amortised intangible assets acquired through business combinations, impaired goodwill, the Group's non-controlling partners' share of net assets and the net assets of discontinued operations.

#### Cash flow

	2022 £m	2021 £m
<b>CAPITAL EXPENDITURE</b>		
Purchase of intangible assets	<b>177</b>	155
Purchase of contract fulfilment assets	<b>218</b>	231
Purchase of property, plant and equipment	<b>282</b>	228
Investment in contract prepayments	<b>64</b>	40
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	<b>(37)</b>	(44)
<b>Capital expenditure</b>	<b>704</b>	610

	2022 £m	2021 £m
<b>UNDERLYING OPERATING CASH FLOW</b>		
<b>Net cash flow from operating activities</b>	<b>1,596</b>	1,171
Purchase of intangible assets	<b>(177)</b>	(155)
Purchase of contract fulfilment assets	<b>(218)</b>	(231)
Purchase of property, plant and equipment	<b>(282)</b>	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	<b>37</b>	44
Repayment of principal under lease liabilities	<b>(152)</b>	(153)
Share of results of joint ventures and associates	<b>45</b>	31
Add back: Interest paid	<b>96</b>	121
Add back: Net tax paid	<b>332</b>	200
Add back: Post-employment benefit obligations net of service costs	<b>7</b>	8
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	<b>57</b>	186
Add back: Acquisition transaction costs	<b>10</b>	10
<b>Underlying operating cash flow</b>	<b>1,351</b>	1,004

	2022 £m	2021 £m
<b>UNDERLYING OPERATING CASH FLOW CONVERSION</b>		
Underlying operating cash flow	<b>1,351</b>	1,004
Underlying operating profit	<b>1,590</b>	811
<b>Underlying operating cash flow conversion (%)</b>	<b>85.0%</b>	123.8%

### 33 NON-GAAP MEASURES CONTINUED

#### Reconciliations continued

	2022 £m	2021 £m
<b>FREE CASH FLOW</b>		
<b>Net cash flow from operating activities</b>	<b>1,596</b>	1,171
Purchase of intangible assets	(177)	(155)
Purchase of contract fulfilment assets	(218)	(231)
Purchase of property, plant and equipment	(282)	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	37	44
Purchase of other investments	(42)	(20)
Proceeds from sale of other investments	3	3
Dividends received from joint ventures and associates	51	28
Interest received	10	5
Repayment of principal under lease liabilities	(152)	(153)
Dividends paid to non-controlling interests	(3)	—
<b>Free cash flow</b>	<b>823</b>	464
<b>UNDERLYING FREE CASH FLOW</b>		
<b>Free cash flow</b>	<b>823</b>	464
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	57	186
Add back: Acquisition transaction costs	10	10
<b>Underlying free cash flow</b>	<b>890</b>	660
<b>UNDERLYING FREE CASH FLOW CONVERSION</b>		
Underlying free cash flow	890	660
Underlying operating profit	1,590	811
<b>Underlying free cash flow conversion (%)</b>	<b>56.0%</b>	81.4%
<b>UNDERLYING CASH TAX RATE</b>		
Tax received	31	29
Tax paid	(363)	(229)
<b>Net tax paid</b>	<b>(332)</b>	(200)
Underlying profit before tax	1,490	698
<b>Underlying cash tax rate (%)</b>	<b>22.3%</b>	28.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
 For the year ended 30 September 2022

### 34 EXCHANGE RATES

	2022	2021
<b>AVERAGE EXCHANGE RATE FOR THE YEAR<sup>1</sup></b>		
Australian Dollar	<b>1.80</b>	1.83
Brazilian Real	<b>6.72</b>	7.35
Canadian Dollar	<b>1.64</b>	1.73
Chilean Peso	<b>1,084.21</b>	1,019.64
Danish Krone	<b>8.76</b>	8.52
Euro	<b>1.18</b>	1.15
Japanese Yen	<b>158.27</b>	147.07
Norwegian Krone	<b>11.83</b>	11.91
Swedish Krona	<b>12.28</b>	11.68
Turkish Lira	<b>18.45</b>	11.07
UAE Dirham	<b>4.70</b>	5.02
US Dollar	<b>1.28</b>	1.37
<b>CLOSING EXCHANGE RATE AT 30 SEPTEMBER<sup>1</sup></b>		
Australian Dollar	<b>1.74</b>	1.87
Brazilian Real	<b>6.04</b>	7.35
Canadian Dollar	<b>1.53</b>	1.71
Chilean Peso	<b>1,069.34</b>	1,095.13
Danish Krone	<b>8.47</b>	8.65
Euro	<b>1.14</b>	1.16
Japanese Yen	<b>161.58</b>	150.44
Norwegian Krone	<b>12.16</b>	11.77
Swedish Krona	<b>12.39</b>	11.80
Turkish Lira	<b>20.69</b>	11.98
UAE Dirham	<b>4.10</b>	4.95
US Dollar	<b>1.12</b>	1.35

1. Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC

Principal subsidiaries	Country of incorporation	% Holding	Principal activities
<b>Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia</b>			
Compass Group (Australia) Pty Limited	Australia	100	Food and support services
<b>Chaussée de Haecht 1179, B-1130 Bruxelles, Belgium</b>			
Compass Group Belgilux S.A.	Belgium	100	Food services
<b>Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 151, Lapa de Baixo, 05.069-900, Brazil</b>			
GR Serviços e Alimentação Ltda.	Brazil	100	Food and support services
<b>1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada</b>			
Compass Group Canada Ltd. Groupe Compass Canada Ltée <sup>(iii)(iv)(v)(vi)(viii)</sup>	Canada	100	Food and support services
<b>Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile</b>			
Compass Catering Y Servicios Chile Limitada	Chile	100	Food and support services
<b>Rued Langgards Vej 8, 1. sal, 2300 København S, DK, Denmark</b>			
Compass Group Denmark A/S	Denmark	100	Food services
<b>P.O. Box 210, FI-00281 Helsinki, Finland</b>			
Compass Group Finland Oy	Finland	100	Food services
<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>			
Compass Group France Holdings SAS	France	100	Holding company
Compass Group France SAS	France	100	Food and support services
<b>Helfmann-Park 2, 65760, Eschborn, Germany</b>			
Compass Group Deutschland GmbH	Germany	100	Holding company
Eurest Deutschland GmbH	Germany	100	Food service to business and industry
Eurest Services GmbH	Germany	100	Support services to business and industry
Medirest GmbH & Co OHG	Germany	100	Food service to the healthcare and senior living market
<b>Via Angelo Scarsellini, 14, 20161, Milano, Italy</b>			
Compass Group Italia S.p.A.	Italy	100	Food and support services
<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>			
Compass Group Japan Inc.	Japan	100	Food and support services
<b>Laarderhoogweg 11, 1101 DZ, Amsterdam, Netherlands</b>			
Compass Group International B.V.	Netherlands	100	Holding company
Compass Group Nederland B.V.	Netherlands	100	Food and support services
Compass Group Nederland Holding B.V.	Netherlands	100	Holding company
<b>Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway</b>			
Compass Holding Norge AS	Norway	100	Holding company
<b>Calle Pinar de San José 98 planta 1<sup>a</sup> 28054 Madrid, Spain</b>			
Eurest Colectividades S.L.U.	Spain	100	Food and support services
<b>Box 1183, 171 23 Solna, Stockholm, Sweden</b>			
Compass Group FS Sweden AB	Sweden	100	Food services
Compass Group Sweden AB	Sweden	100	Holding company
<b>Oberfeldstrasse 14, 8302, Kloten, Switzerland</b>			
Compass Group (Schweiz) AG	Switzerland	100	Food and support services
Restorama AG	Switzerland	100	Food service

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For the year ended 30 September 2022

**35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED**

Principal subsidiaries	Country of incorporation	% Holding	Principal activities
<b>Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/77 Üsküdar İstanbul, Turkey</b>			
Sofra Yemek Üretim Ve Hizmet A.Ş. <sup>(iii)</sup>	Turkey	100	Food and support services
<b>Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom</b>			
Compass Contract Services (U.K.) Limited	UK	100	Food and support services
Compass Group, UK and Ireland Limited	UK	100	Holding company
Foodbuy Europe Limited <sup>(iii)(iv)</sup>	UK	100	Client procurement services management in the UK
<b>Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom</b>			
Compass Group Holdings PLC <sup>(i)(ii)</sup>	UK	100	Holding company and corporate activities
Hospitality Holdings Limited <sup>(i)</sup>	UK	100	Intermediate holding company
<b>2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US</b>			
Bon Appétit Management Co. <sup>(viii)</sup>	US	100	Food service
<b>251 Little Falls Drive, Wilmington, DE 19808, US</b>			
Compass Group US Investments Inc.	US	100	Holding company
Compass Group US, Inc. <sup>(viii)</sup>	US	100	Food and support services
Crothall Services Group	US	100	Support services to the healthcare market
Foodbuy, LLC	US	100	Purchasing services in North America
Restaurant Associates Corp.	US	100	Fine dining facilities
<b>80 State Street, Albany, NY 12207-2543, US</b>			
Flik International Corp.	US	100	Fine dining facilities
<b>801 Adlai Stevenson Drive, Springfield, IL 62703, US</b>			
Levy Restaurants Limited Partnership	US	100	Fine dining and food service at sports and entertainment facilities
<b>2 Sun Court, Suite 400, Peachtree Corners, GA 30092, US</b>			
Morrison Management Specialists, Inc. <sup>(viii)</sup>	US	100	Food service to the healthcare and senior living market

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
<b>Chez: Eurojapan Résidence No.23, RN n°3 BP 398, Hassi Messaoud, Algeria</b>			<b>Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 152, Lapa de Baixo, 05.069-900, Brazil</b>		
Eurest Algerie SPA	Algeria	100	Clean Mall Serviços Ltda.	Brazil	100
<b>Condomínio Dolce Vita, Via S8, Edifício 1D, Fregão A &amp; B, 2º andar, Talatona, Município de Belas, Luanda, República de Angola</b>			<b>Rua Werner Von Siemens, 111, Building 11 (Tower A), 15.º floor, mezzanine, Lapa de Baixo, 05.069-900, Brazil</b>		
Express Support Services, Limitada	Angola	100	GR Manutenção e Facilites Sociedade Unipessoal Ltda.	Brazil	100
<b>Esteban Echeverría 1050, 6th floor, Vicente Lopez (1602), Buenos Aires, Argentina</b>			<b>Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 151 - parte, Lapa de Baixo, 05.069-900, Brazil</b>		
Servicios Compass de Argentina S.A.	Argentina	100	GRSA Serviços LTDA.	Brazil	100
<b>Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia</b>			<b>Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 152 - parte, Lapa de Baixo, 05.069-900, Brazil</b>		
28 Villages Pty Ltd	Australia	100	Foodbuy Alimentos Sociedade Unipessoal Ltda.	Brazil	100
Compass (Australia) Catering & Services PTY Ltd (iii)(iv)	Australia	100	<b>Craigmuir Chambers, PO Box 71, Roadtown, Tortola, VG1110, British Virgin Islands</b>		
Compass Group B&I Hospitality Services PTY Ltd	Australia	100	Compass Group Holdings (BVI) Limited	British Virgin Islands	100
Compass Group Defence Hospitality Services PTY Ltd	Australia	100	<b>c/o Action Group Ltd., No.12, Street 614, Sangkat Boeung Kok II, Khan Tuol Kork, Phnom Penh City, Cambodia</b>		
Compass Group Education Hospitality Services PTY Ltd	Australia	100	Compass Group (Cambodia) Co. Ltd. (ii)	Cambodia	100
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	100	<b>100, Rue n° 1044 Hydrocarbures, Bonapriso, BP 5767, Douala, Cameroon</b>		
Compass Group Health Services Pty Ltd	Australia	100	Eurest Cameroun SARL (ii)	Cameroon	100
Compass Group Management Services PTY Ltd	Australia	100	Eurest Camp Logistics Cameroun SARL (ii)	Cameroon	100
Compass Group Relief Hospitality Services PTY Ltd	Australia	100	<b>12 Kodiak Crescent, Toronto, Ontario, M3J 3G5, Canada</b>		
Compass Group Remote Hospitality Services PTY Ltd	Australia	100	Imperial Coffee and Services Inc. (iii)(iv)(v)	Canada	100
Delta Facilities Management PTY Ltd	Australia	100	<b>1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada</b>		
Delta FM Australia PTY Ltd	Australia	100	1000255781 Ontario Inc. (iii)(iv)	Canada	100
Eurest (Australia) Food Services PTY Ltd	Australia	100	1000322832 Ontario Inc.	Canada	100
Eurest (Australia) PTY Ltd	Australia	100	Canteen of Canada Limited (ii)	Canada	100
Foodbuy Pty Ltd	Australia	100	Compass Canada Support Services Ltd (iii)(iv)(v)(vi)(vii)	Canada	100
HEC Hospitality Services Pty Ltd	Australia	100	Compass Group Canada Operations Ltd (ii)	Canada	100
LAGP PTY Ltd	Australia	100	<b>102-1370 Rue De Coulomb, Boucherville, Quebec, J4B 7J4, Canada</b>		
Omega Security Services PTY Ltd	Australia	100	3087-9068 Quebec Inc.	Canada	100
PJG Investment Company Pty Ltd	Australia	100	<b>1969 Upper Water Street, Purdy's Wharf Tower II, Suite 1300, Halifax, Nova Scotia B3J 3R7, Canada</b>		
Restaurant Associates (Australia) PTY Ltd	Australia	100	Crothall Services Canada Inc. (iii)(iv)	Canada	100
Village Hospitality Holdings Pty Ltd	Australia	100	<b>5B rue De Montgolfier, Boucherville, Québec, J4B 8C4, Canada</b>		
Village Hospitality Services Pty Ltd	Australia	100	Caf-Caf Inc. (iii)(iv)(v)(vi)	Canada	100
<b>IZD Tower, Wagramer Strasse 19/4. Stock, 1220 Wien, Austria</b>			<b>1959 Upper Water Street, Suite 1100, Halifax, Nova Scotia, B3J 3E5, Canada</b>		
Compass Group Austria Holdings One GmbH	Austria	100	East Coast Catering (NS) Limited (ii)	Canada	100
Compass Group Austria Holdings Two GmbH	Austria	100			
Eurest Restaurationsbetriebsgesellschaft m.b.H	Austria	100			
Kunz Gebäudereinigung GmbH	Austria	100			
<b>Chaussée de Haecht 1179, B-1130 Brussels, Belgium</b>					
Compass Group Service Solutions S.A.	Belgium	100			
F.L.R. Holding S.A. (ii)	Belgium	100			
Xandron Belgie BV	Belgium	100			
<b>Boomsesteenweg 28, 2627 Schelle, Belgium</b>					
J&M Catering Services NV	Belgium	100			
Flinckheuvel BV	Belgium	100			
Silverspoon BV	Belgium	100			
<b>Gemeentepark 5, 2930 Brasschaat, Belgium</b>					
Kasteel Van Brasschaat NV	Belgium	100			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
<b>30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada</b>			Caterine Restauration SAS	France	100
East Coast Catering Limited <sup>(iii)(iv)(viii)(v)</sup>	Canada	100	Delisaveurs SAS	France	100
Long Harbour Catering Limited Partnership <sup>(x)</sup>	Canada	100	Eurest Sports & Loisirs SAS	France	100
Long Harbour Catering Limited <sup>(iii)(viii)</sup>	Canada	100	La Puyfolaise de Restauration SAS	France	100
<b>421 7th Avenue SW, Suite 1600, Calgary, Alberta, T2P 4K9, Canada</b>			Levy Restaurants France SAS	France	100
Great West Catering Ltd. <sup>(iii)</sup>	Canada	100	Mediance SAS	France	100
Tamarack Catering Ltd. <sup>(iii)</sup>	Canada	100	Memonett SAS	France	100
<b>2580 Rue Dollard, Lasalle, Quebec, H8N 1T2, Canada</b>			Servirest SAS	France	100
Groupe Compass (Québec) Ltée <sup>(iii)(iv)(v)(vi)(viii)</sup>	Canada	100	SHRM Angola SAS <sup>(ii)</sup>	France	100
<b>550 Burrard Street, Suite 2300, Bentall 5, P.O. Box 30, Vancouver, British Columbia, V6C 2B5, Canada</b>			Société De Prestations En Gestion Immobilière SAS	France	100
Town Square Food Services Ltd. <sup>(iii)</sup>	Canada	100	Société Nouvelle Lecocq SAS	France	100
<b>Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile</b>			Sud Est Traiteur SAS	France	100
Cadelsur S.A.	Chile	100	<b>Rue des Artisans, ZA de Bel Air, 12000 Rodez, France</b>		
Compass Catering S.A.	Chile	100	Central Restauration Martel (CRM)	France	100
Compass Servicios S.A.	Chile	100	<b>Zone Artisanale, 40500 Bas Mauco, France</b>		
Scolarest S.A.	Chile	100	Culinaire Des Pays de L'Adour SAS	France	100
<b>Room 501 (namely Room 601), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China</b>			<b>40, Bd de Dunkerque, 13002 Marseille, France</b>		
Compass (China) Management Services Company Limited	China	100	Société International D'Assistance SA <sup>(ii)</sup>	France	100
<b>Room 503 (namely Room 603), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China</b>			<b>Lieu Dit la Prade, 81580 Soual, France</b>		
Shanghai Eurest Food Technologies Service Co., Ltd.	China	100	Occitanie Restauration SAS	France	100
<b>Calle 98#11B – 29 Bogotá - Colombia</b>			<b>3 rue Camille Claudel Atlamparc Bat.M, Zone Kerluherne, CS 20043, 56890 Plescop, France</b>		
Compass Group Services Colombia S.A.	Colombia	100	Oceane de Restauration SAS	France	100
<b>Enceinte de Brometo Centre Ville, BP 5208, Pointe-Noire, The Democratic Republic of the Congo</b>			<b>Rue Eugène Sué, Zone Industrielle de Blanzat, 03100 Montluçon, France</b>		
Eurest Services Congo SARL <sup>(ii)</sup>	Congo	100	Sogirest SAS	France	100
<b>195, Arch. Makariou III Avenue, Neocleous House, 3030 Limassol, Cyprus</b>			<b>ZONE OPRAG, (Face à Bernabé Nouveau Port), BP 1292, Port Gentil, Gabon</b>		
ESS Design & Build Ltd <sup>(ii)</sup>	Cyprus	100	Eurest Support Services Gabon SA <sup>(ii)</sup>	Gabon	100
Eurest Support Services (Cyprus) International Ltd <sup>(i)</sup>	Cyprus	100	<b>Helfmann-Park 2, 65760, Eschborn, Germany</b>		
<b>Jankovcova, 1603/47a, Holešovice 170 00, Prague 7, Czech Republic</b>			Compass Group GmbH	Germany	100
Compass Group Czech Republic s.r.o.	Czech Republic	100	Eurest Süd GmbH	Germany	100
SCOLAREST- zařízení školního stravování spol. s.r.o.	Czech Republic	100	Food affairs GmbH	Germany	100
<b>Harju maakond, Saku vald, Jälgimäe küla, Jälgimäe tee 14, 76404, Estonia</b>			Foodbuy CE GmbH	Germany	100
Compass Group FS Estonia OÜ	Estonia	100	Kanne Café GmbH	Germany	100
<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>			Menke Menue GmbH	Germany	100
Academie Formation Groupe Compass SAS	France	100	MU Catering Bremen GmbH	Germany	100
			Royal Business Restaurants GmbH	Germany	100
			S.B. Verwaltungs GmbH	Germany	100
			<b>Konrad-Zuse-Platz 2, 81829 München, Germany</b>		
			Leonardi EPM GmbH	Germany	100
			Leonardi HPM GmbH	Germany	100
			Leonardi GmbH & Co. KG	Germany	100
			Leonardi Kaffee neu entdecken GmbH & Co. KG	Germany	100
			Leonardi SVM GmbH	Germany	100
			<b>Sankt-Florian-Weg 1, 30880, Laatzen, Germany</b>		
			orgaMed Betriebsgesellschaft für Zentralsterilisationen GmbH	Germany	100
			PLURAL Gebäudemanagement GmbH	Germany	100
			PLURAL Personalservice GmbH	Germany	100

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
PLURAL Servicepool GmbH	Germany	100	<b>209/8919 Sigma Road Off Enterprises Road, PO BOX 14 662, Nairobi, Kenya</b>	Kenya	100
<b>Pfaffenwiese, 65929 Frankfurt/M., Germany</b>			Kenya Oilfield Services Ltd <sup>(ii)</sup>	Kenya	100
LPS Event Gastronomie GmbH	Germany	100	<b>19, Rue Léon Laval, L-3372 Leudelange, Luxembourg</b>		
<b>PO Box 119, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey</b>			Eurest Luxembourg S.A.	Luxembourg	100
Compass Group Finance Ltd	Guernsey	100	IMMO Capellen S.A.	Luxembourg	100
<b>Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong</b>			Innoclean S.A.	Luxembourg	100
Compass Group Hong Kong Ltd	Hong Kong	100	Novelia Senior Services S.A.	Luxembourg	100
Encore Catering Ltd	Hong Kong	100	<b>Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia</b>		
Shing Hin Catering Group Ltd	Hong Kong	100	Compass Group Malaysia Sdn Bhd	Malaysia	100
<b>Irinyi József u. 4-20. B épület, H-1117 Budapest, Hungary</b>			<b>50-8-1, TKT.8, Wsima UOA Damansara, 50 Jalan. Dungun, Damansara Heights, Kuala Lumpur, 50490, Malaysia</b>		
Eurest Étteremüzemeltető Korlátolt Felelősséggű Társaság	Hungary	100	S.H.R.M. Sdn. Bhd. <sup>(ii)</sup>	Malaysia	100
<b>Spaze I - Tech Park, Tower A, Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India</b>			<b>Calle Jaime Balmes 11, Oficina 101 letra D, Colonia Los Morales Polanco, Alcaldía Miguel Hidalgo, 11510 Ciudad de México, Mexico</b>		
Compass India Food Services Private Limited	India	100	Compass México Servicios de Soporte, S.A. De C.V. <sup>(iii)(iv)</sup>	Mexico	100
<b>Unit #401, 4th Floor, Tower A, Spaze I – Tech Park Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India</b>			Eurest Proper Meals de Mexico S.A. de C.V. <sup>(iii)(iv)</sup>	Mexico	100
Compass India Support Services Private Limited	India	100	Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V. <sup>(iii)(iv)</sup>	Mexico	100
<b>3rd Floor, 43a, Yeats Way, Parkwest Business Park, Dublin 12, Ireland</b>			<b>c/o 251 Little Falls Drive, Wilmington, DE 19808, US</b>		
Amstel Limited <sup>(ii)</sup>	Ireland	100	Food Works of Mexico, S. de R.L. de C.V. <sup>(ii)(iii)(iv)</sup>	Mexico	100
Catering Management Ireland Limited <sup>(ii)</sup>	Ireland	100	Food Works Services of Mexico, S. de R.L. De C.V. <sup>(ii)(iii)(iv)</sup>	Mexico	100
Cheyenne Limited <sup>(ii)</sup>	Ireland	100	<b>Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands</b>		
Compass Catering Services, Ireland Limited	Ireland	100	CGI Holdings (2) B.V.	Netherlands	100
COH Ireland Investments Unlimited Company <sup>(viii)(ix)</sup>	Ireland	100	Compass Group Finance Netherlands B.V.	Netherlands	100
Drumburgh Limited <sup>(ii)</sup>	Ireland	100	Compass Group Holding B.V.	Netherlands	100
Fitzers Catering Events, Venue & Location Catering Limited	Ireland	100	Compass Group International 2 B.V.	Netherlands	100
Fitzers Catering Limited	Ireland	100	Compass Group International 3 B.V.	Netherlands	100
Management Catering Services Limited	Ireland	100	Compass Group International 4 B.V.	Netherlands	100
National Catering Limited <sup>(ii)</sup>	Ireland	100	Compass Group International 5 B.V.	Netherlands	100
Rushmore Investment Company Limited <sup>(ii)(viii)</sup>	Ireland	100	Compass Group International 9 B.V.	Netherlands	100
Sutcliffe Ireland Limited	Ireland	100	Compass Group International Finance 1 B.V.	Netherlands	100
Zadca Limited <sup>(ii)</sup>	Ireland	100	Compass Group International Finance 2 B.V.	Netherlands	100
<b>Tower House, Loch Promenade, Douglas, IM1 2LZ, Isle of Man</b>			Compass Group Vending Holding B.V.	Netherlands	100
Queen's Wharf Insurance Services Limited <sup>(viii)</sup>	Isle of Man	100	Compass Hotels Chertsey B.V.	Netherlands	100
<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>			Eurest Services B.V.	Netherlands	100
Fuyo, Inc.	Japan	100	Eurest Support Services (ESS) B.V.	Netherlands	100
<b>44 Esplanade, St Helier, JE4 9WG, Jersey</b>			<b>Luzernestraat 57, 2153 GM, Nieuw-Vennep, Netherlands</b>		
Malakand Unlimited	Jersey	100	Famous Flavours B.V. <sup>(viii)</sup>	Netherlands	100
<b>060011, Atyrauskaya Oblast, Atyrau City, Beibarys Sultan Avenue 506, Kazakhstan</b>			<b>Stationsweg 95, 6711 PM Ede, Netherlands</b>		
Compass Kazakhstan LLP	Kazakhstan	100	Xandriion B.V.	Netherlands	100
Eurest Support Services Kazakhstan LLP <sup>(ii)</sup>	Kazakhstan	100	<b>85 Avenue du Général de Gaulle, Immeuble Carcopino 3000, BP 2353, 98846 Nouméa Cedex, New Caledonia</b>		
ESS Support Services LLP	Kazakhstan	100	Eurest Caledonie SARL <sup>(ii)</sup>	New Caledonia	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2022

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
<b>Level 3, 7-11 Kenwyn Street, Parnell, Auckland, 1052, New Zealand</b>			<b>Calle Castilla 8-10 – C.P. 50.009, Zaragoza, Spain</b>		
Compass Group New Zealand Limited	New Zealand	100	Servicios Renovados de Alimentacion, S.A.U.	Spain	100
Crothall Services Group Limited <sup>(ii)</sup>	New Zealand	100			
Eurest NZ Limited <sup>(ii)</sup>	New Zealand	100			
<b>Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway</b>			<b>Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain</b>		
Compass Group Norge AS <sup>(iii)</sup>	Norway	100	Eurest Parques, S.L.U.	Spain	100
<b>Fabrikkveien 8, 4033 Stavanger, 1103 Stavanger, Norway</b>			Eurest Servicios Feriales, S.L.U.	Spain	100
Craftly AS	Norway	100			
<b>Forusparken 2, 4031 Stavanger, Postboks 8083 Stavanger Postterminal, 4068, Stavanger, Norway</b>			<b>Polígono Ugaldeguren 1, Parcela 7, 48160 Derio (Vizcaya), Spain</b>		
ESS Mobile Offshore Units AS	Norway	100	Eurest Euskadi S.L.U.	Spain	100
ESS Support Services AS	Norway	100			
<b>c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea</b>			<b>Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain</b>		
Eurest (PNG) Catering & Services Ltd <sup>(ii)</sup>	Papua New Guinea	100	Compass Group Holdings Spain, S.L.U.	Spain	100
<b>Unit 2410 24th flr, City &amp; Land Mega Plaza, ADB Ave., Ortigas Ctr., San Antonio, Pasig City 1605, Philippines</b>			Levy Compass Group Holdings, S.L. <sup>(ii)</sup>	Spain	100
Compass Group Philippines Inc <sup>(ii)</sup>	Philippines	100			
<b>Ul. Olbrachta 94, 01-102 Warszawa, Poland</b>			<b>Box 1183, 171 23 Solna, Stockholm, Sweden</b>		
Compass Group Poland Sp. Z o.o.	Poland	100	Compass Group AB	Sweden	100
<b>Edificio Prime, Avenida da, Quinta Grande, 53-60, Alfragide 2614-521 Amadora, Portugal</b>			<b>c/o BDO AG, Industriestrasse 53 6312 Steinhausen, Switzerland</b>		
Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda.	Portugal	100	Creative New Food Dream Steam GmbH	Switzerland	100
Eurest Catering & Services Group Portugal, Lda.	Portugal	100			
<b>Bucureşti Sectorul 4, Strada Sold., Ilie Şerban, Nr. 8B, Romania Bucureşti Sectorul 4, Calea Şerban Vodă, Nr. 133, Cladirea B, Etaj 1, Romania</b>			<b>c/o Ueltschi Solutions GmbH, Gwattstrasse 8, CH-3185 Schmitten, Switzerland</b>		
Eurest ROM SRL	Romania	100	Sevita Group GmbH	Switzerland	100
<b>82 Ubi Avenue 4, #07-03 Edward Boustead Centre, 408832, Singapore</b>			<b>Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/73 Üsküdar İstanbul, Turkey</b>		
Compass Group (Singapore) PTE Ltd <sup>(ii)(iv)</sup>	Singapore	100	Euroserve Güvenlik A.Ş.	Turkey	100
<b>8 Marina Boulevard, # 05-02, Marina Bay Financial Centre, 018981, Singapore</b>			<b>Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/78 Üsküdar İstanbul, Turkey</b>		
Compass Group Asia Pacific PTE. Ltd <sup>(ii)</sup>	Singapore	100	Euroserve Hizmet ve İşletmecilik A.Ş.	Turkey	100
<b>Plynárenská 7/B mestská časť Ružinov 821 09 Bratislava, Slovakia</b>			<b>Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/74 Üsküdar İstanbul, Turkey</b>		
Compass Group Slovakia s. r. o.	Slovakia	100	Turkaş Gida Hizmet ve İşletmecilik A.Ş.	Turkey	100
<b>Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain</b>			<b>Dubai Airport Free Zone, Dubai, United Arab Emirates</b>		
Asistentes Escolares, S.L.	Spain	100	Compass Camea FZE	UAE	100
Eurest Catalunya, S.L.U.	Spain	100			
Medirest Social Residencias, S.L.U.	Spain	100	<b>Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom</b>		
			14Forty Limited <sup>(ii)</sup>	UK	100
			3 Gates Services Limited <sup>(ii)</sup>	UK	100
			A.C.M.S. Limited <sup>(ii)</sup>	UK	100
			Air Publishing Limited	UK	100
			Bateman Catering Limited <sup>(ii)(vii)</sup>	UK	100
			Bateman Healthcare Services Limited <sup>(ii)</sup>	UK	100
			Baxter and Platts Limited <sup>(ii)(iv)(v)</sup>	UK	100
			Bromwich Catering Limited <sup>(ii)</sup>	UK	100
			Business Clean Limited <sup>(ii)</sup>	UK	100
			Capitol Catering Management Services Limited	UK	100
			Carlton Catering Partnership Limited <sup>(ii)(iii)</sup>	UK	100
			Castle Independent Limited <sup>(ii)</sup>	UK	100
			Cataforce Limited <sup>(ii)</sup>	UK	100
			Caterexchange Limited <sup>(ii)</sup>	UK	100
			Caterskill Group Limited <sup>(ii)</sup>	UK	100
			Caterskill Management Limited <sup>(ii)</sup>	UK	100

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
Chalk Catering Ltd <sup>(ii)</sup>	UK	100	Hamard Catering Management Services Limited <sup>(ii)</sup> (vii)	UK	100
Chartwells Hounslow (Feeding Futures) Limited <sup>(ii)(v)</sup>	UK	100	Hamard Group Limited <sup>(ii)</sup>	UK	100
Chartwells Limited <sup>(ii)</sup>	UK	100	Henry Higgins Limited <sup>(ii)</sup>	UK	100
Circadia Limited <sup>(ii)</sup>	UK	100	Hospital Hygiene Services Limited <sup>(ii)</sup>	UK	100
Cleaning Support Services Limited <sup>(ii)</sup>	UK	100	Integrated Cleaning Management Limited	UK	100
Compass Accounting Services Limited <sup>(ii)</sup>	UK	100	Integrated Cleaning Management Support Services Limited	UK	100
Compass Catering Services Limited <sup>(ii)</sup>	UK	100	Keith Prowse Limited <sup>(ii)</sup>	UK	100
Compass Cleaning Services Limited <sup>(ii)</sup>	UK	100	Kennedy Brookes Finance Limited <sup>(ii)</sup>	UK	100
Compass Contract Services Limited <sup>(ii)</sup>	UK	100	Knott Hotels Company of London <sup>(ii)</sup>	UK	100
Compass Contracts UK Limited <sup>(ii)(viii)</sup>	UK	100	Langston Scott Limited <sup>(ii)</sup>	UK	100
Compass Experience Limited <sup>(ii)(vii)</sup>	UK	100	Leisure Support Services Limited <sup>(ii)(iv)</sup>	UK	100
Compass Food Services Limited	UK	100	Leith's Limited <sup>(ii)</sup>	UK	100
Compass Group Medical Benefits Limited <sup>(ii)</sup>	UK	100	Letheby & Christopher Limited <sup>(ii)</sup>	UK	100
Compass Mobile Catering Limited <sup>(ii)</sup>	UK	100	Meal Service Company Limited <sup>(ii)</sup>	UK	100
Compass Office Cleaning Services Limited <sup>(ii)</sup>	UK	100	Milburns Catering Contracts Limited <sup>(ii)</sup>	UK	100
Compass Payroll Services Limited <sup>(ii)</sup>	UK	100	Milburns Limited <sup>(ii)</sup>	UK	100
Compass Planning and Design Limited <sup>(ii)</sup>	UK	100	Milburns Restaurants Limited <sup>(ii)(iii)</sup>	UK	100
Compass Purchasing Limited	UK	100	National Leisure Catering Limited <sup>(ii)</sup>	UK	100
Compass Road Services Limited <sup>(ii)</sup>	UK	100	NLC (Holdings) Limited <sup>(ii)</sup>	UK	100
Compass Security Limited <sup>(ii)(vii)</sup>	UK	100	NLC (Wembley) Limited <sup>(ii)</sup>	UK	100
Compass Security Oldco Group Limited <sup>(ii)</sup>	UK	100	P & C Morris (Catering) Ltd <sup>(ii)(vii)</sup>	UK	100
Compass Security Oldco Holdings Limited <sup>(ii)</sup>	UK	100	P & C Morris Catering Group Limited <sup>(ii)</sup>	UK	100
Compass Security Oldco Investments Limited <sup>(ii)</sup>	UK	100	Payne & Gunter Limited <sup>(ii)</sup>	UK	100
Compass Services (Midlands) Limited <sup>(ii)</sup>	UK	100	Pennine Services Limited <sup>(ii)</sup>	UK	100
Compass Services for Hospitals Limited <sup>(ii)(viii)</sup>	UK	100	Peter Parfitt Leisure Overseas Travel Limited <sup>(ii)</sup>	UK	100
Compass Services Group Limited <sup>(ii)</sup>	UK	100	Peter Parfitt Sport Limited <sup>(ii)(vii)</sup>	UK	100
Compass Services Limited <sup>(ii)</sup>	UK	100	PPP Infrastructure Management Limited	UK	100
Compass Services Trading Limited <sup>(ii)</sup>	UK	100	Prideoak Limited <sup>(ii)</sup>	UK	100
Compass Services, UK and Ireland Limited	UK	100	QCL Limited <sup>(ii)</sup>	UK	100
Compass Services (U.K.) Limited	UK	100	Reliable Refreshments Limited	UK	100
Compass Staff Services Limited <sup>(ii)</sup>	UK	100	Rhine Four Limited <sup>(ii)(vii)</sup>	UK	100
Cookie Jar Limited <sup>(ii)</sup>	UK	100	Rocket Food Ltd <sup>(ii)</sup>	UK	100
CRBS Resourcing Limited <sup>(ii)</sup>	UK	100	Roux Fine Dining Limited <sup>(ii)</sup>	UK	100
CRN 1990 (Four) Limited <sup>(ii)</sup>	UK	100	Scolarest Limited <sup>(ii)</sup>	UK	100
Customised Contract Catering Limited <sup>(ii)</sup>	UK	100	Security Office Cleaners Limited <sup>(ii)</sup>	UK	100
Cygnets Food Holdings Limited <sup>(ii)</sup>	UK	100	Selkirk House (CVH) Limited <sup>(ii)</sup>	UK	100
Cygnets Foods Limited	UK	100	Selkirk House (FP) Limited <sup>(ii)(iii)(iv)(v)</sup>	UK	100
Dine Contract Catering Limited	UK	100	Selkirk House (GHPL) Limited <sup>(ii)(viii)</sup>	UK	100
DRE Developments Limited <sup>(ii)</sup>	UK	100	Selkirk House (GTP) Limited <sup>(ii)</sup>	UK	100
E-Foods Limited	UK	100	Selkirk House (WBRK) Limited	UK	100
Eat Dot Limited <sup>(ii)(iii)</sup>	UK	100	Shaw Catering Company Limited	UK	100
Eaton Catering Limited <sup>(ii)</sup>	UK	100	Ski Class Limited <sup>(ii)</sup>	UK	100
Eaton Wine Bars Limited <sup>(ii)</sup>	UK	100	Solutions on Systems Ltd <sup>(ii)</sup>	UK	100
EF Group Ltd <sup>(ii)(iv)</sup>	UK	100	Summit Catering Limited <sup>(ii)</sup>	UK	100
Equinoxe Solutions Limited	UK	100	Sunway Contract Services Limited	UK	100
Eurest Airport Services Limited <sup>(ii)</sup>	UK	100	Sutcliffe Catering Midlands Limited <sup>(ii)</sup>	UK	100
Eurest Defence Support Services Limited <sup>(ii)</sup>	UK	100	Sutcliffe Catering South East Limited <sup>(ii)</sup>	UK	100
Eurest Offshore Support Services Limited <sup>(ii)(viii)</sup>	UK	100	Sycamore Newco Limited <sup>(ii)</sup>	UK	100
Eurest Prison Support Services Limited <sup>(ii)</sup>	UK	100	The Bateman Catering Organization Limited <sup>(ii)(viii)</sup>	UK	100
Eurest UK Limited <sup>(ii)</sup>	UK	100	The Cuisine Centre Limited <sup>(ii)</sup>	UK	100
Everson Hewett Limited <sup>(ii)(iii)(iv)</sup>	UK	100	THF Oil Limited <sup>(ii)</sup>	UK	100
Facilities Management Catering Limited <sup>(ii)</sup>	UK	100	Tunco (1999) 103 Limited <sup>(ii)</sup>	UK	100
Fads Catering Limited <sup>(ii)</sup>	UK	100	Vendepac Holdings Limited <sup>(viii)</sup>	UK	100
Fairfield Catering Company Limited <sup>(ii)</sup>	UK	100	Vivo Markets Ltd	UK	100
Fingerprint Managed Services Limited <sup>(ii)</sup>	UK	100	Waseley Fifteen Limited <sup>(ii)</sup>	UK	100
Funpark Caterers Limited <sup>(ii)(iii)</sup>	UK	100	Waseley Nominees Limited <sup>(ii)</sup>	UK	100
Goodfellows Catering Management Services Limited <sup>(ii)</sup>	UK	100	Wembley Sports Arena Limited <sup>(ii)</sup>	UK	100
Gruppo Events Limited <sup>(ii)</sup>	UK	100	Wheeler's Restaurants Limited <sup>(ii)(vii)</sup>	UK	100
Hallmark Catering Management Limited <sup>(ii)</sup>	UK	100	Woodin & Johns Limited <sup>(ii)</sup>	UK	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2022

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding			
<b>Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom</b>								
Audrey (London) Limited <sup>(ii)</sup>	UK	100	Bamco Restaurants of Texas LLC	US	100			
Audrey Investments Limited <sup>(ii)</sup>	UK	100	Levy Premium Foodservice, L.L.C. <sup>(ii)</sup>	US	100			
Bateman Services Limited <sup>(ii)</sup>	UK	100	Levy Texas Beverages, LLC	US	100			
Compass Group Finance No.2 Limited <sup>(i)</sup>	UK	100	Morrison's Health Care of Texas, Inc.	US	100			
Compass Group Finance No.3 Limited	UK	100	University Food Services, Inc.	US	100			
Compass Group Finance No.4 Limited <sup>(i)(ii)(iv)(vii)</sup>	UK	100	Wolfgang Puck Catering & Events of Texas, LLC	US	100			
Compass Group Finance No.5 Limited <sup>(ii)(xi)</sup>	UK	100						
Compass Group North America Investments No.2	UK	100						
Compass Group North America Investments Limited	UK	100						
Compass Group Pension Trustee Company Limited <sup>(ii)</sup>	UK	100	2345 Rice Street, Suite 230, Roseville, MN 55113, US					
Compass Group Procurement Limited	UK	100	Canteen One, LLC	US	100			
Compass Group Trustees Limited <sup>(ii)</sup>	UK	100	Street Eats Limited	US	100			
Compass Healthcare Group Limited <sup>(ii)(viii)</sup>	UK	100						
Compass Hotels Chertsey <sup>(iiii)</sup>	UK	100						
Compass Nominee Company Number Fourteen Limited <sup>(ii)</sup>	UK	100	84 State Street, Boston, MA 02109, US					
Compass Overseas Holdings Limited	UK	100	Fame Food Management Inc.	US	100			
Compass Overseas Holdings No.2 Limited	UK	100	The Food Management Enterprise Corporation	US	100			
Compass Overseas Services Limited <sup>(ii)</sup>	UK	100						
Compass Pension Trustees Limited <sup>(ii)</sup>	UK	100	251 Little Falls Drive, Wilmington, DE 19808, US					
Compass Quest Limited <sup>(ii)</sup>	UK	100	BenchWorks, Inc.	US	100			
Compass Secretaries Limited <sup>(ii)</sup>	UK	100	Bestfresh, LLC	US	100			
Compass Site Services Limited <sup>(ii)(vii)</sup>	UK	100	B&I Catering, LLC	US	100			
Compass UK Pension Trustee Co Limited <sup>(ii)</sup>	UK	100	Bleuxus LLC	US	100			
Crisp Trustees Limited <sup>(ii)</sup>	UK	100	CG Analytics Consulting, LLC	US	100			
Meritglen Limited <sup>(ii)(vii)(viii)</sup>	UK	100	CLS Par, LLC	US	100			
Nextonline Limited <sup>(ii)(iv)</sup>	UK	100	CMCA Catering, LLC	US	100			
Sevita (UK) Limited	UK	100	Community Living Holdings, LLC	US	100			
The Compass Group Foundation	UK	100	Compass LATAM Corp.	US	100			
The Excelsior Insurance Company Limited	UK	100	Compass LCS, LLC	US	100			
<b>Suite D, Pavilion 7 Kingshill Park, Venture Drive, Arnhill Business Park, Westhill, Aberdeenshire, AB32 6FL, United Kingdom</b>								
CCG (UK) Ltd <sup>(ii)</sup>	UK	100	Compass LV, LLC	US	100			
Coffee Partners Limited <sup>(ii)</sup>	UK	100	Compass Paramount, LLC	US	100			
Compass Offshore Catering Limited <sup>(ii)(viii)</sup>	UK	100	Concierge Consulting Services, LLC	US	100			
Compass Scottish Site Services Limited <sup>(ii)</sup>	UK	100	Convenience Foods International, Inc.	US	100			
Waseley (CVI) Limited <sup>(ii)</sup>	UK	100	Coreworks, LLC	US	100			
Waseley (CVS) Limited <sup>(ii)</sup>	UK	100	Crothall Healthcare Inc.	US	100			
<b>20 Red Lion Street London WC1R 4PQ, United Kingdom</b>								
Feedr Limited <sup>(iii)</sup>	UK	100	Eat Cloud LLC	US	100			
<b>1st Floor, 12 Cromac Quay, Cromac Wood, Belfast, Northern Ireland, BT7 2JD, United Kingdom</b>								
Lough Erne Holiday Village Limited <sup>(ii)</sup>	UK	100	Eurest Services, Inc.	US	100			
<b>2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US</b>								
Bon Appétit Management Company Foundation	US	100	Facilities Holdings, LLC	US	100			
CulinArt of California, Inc.	US	100	Flik One, LLC	US	100			
C&B Holdings, LLC	US	100	Fresh & Ready Foods LLC	US	100			
H&H Catering, L.P.	US	100	Green Cuisine, LLC	US	100			
			HC Foods, LLC	US	100			
			Levy Oklahoma, Inc.	US	100			
			Levy Prom Golf, LLC	US	100			
			Morrison Investment Company, Inc.	US	100			
			National Produce Consultants, LLC f/k/a National Produce FB, LLC	US	100			
			PCHI Catering, LLC	US	100			
			RAC Holdings Corp. <sup>(iii)</sup>	US	100			
			Rank + Rally, LLC	US	100			
			Restaurant Services I, LLC	US	100			
			S-82 LLC	US	100			
			SpenDifference LLC	US	100			
			Touchpoint Support Services, LLC	US	100			
			Unidine Corporation	US	100			
			Unidine Lifestyles, LLC	US	100			
			Unidine Nevada, LLC	US	100			
			University Food Services, LLC	US	100			
			Wolfgang Puck Catering and Events, LLC	US	100			
			WP Casual Catering, LLC	US	100			
			WPL, LLC	US	100			
			Yorkmont Four, Inc.	US	100			

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding	Other wholly owned subsidiaries	Country of incorporation	% Holding
<b>801 Adlai Stevenson Drive, Springfield, IL 62703, US</b>			<b>40 Technology Pkwy South, #300, Norcross, GA 30092, US</b>		
E15, LLC	US	100	Food Services Management By Mgr, LLC	US	100
Levy (Events) Limited Partnership	US	100	Morrison Alumni Association, Inc.	US	100
Levy (IP) Limited Partnership	US	100	The M-Power Foundation, Inc.	US	100
Levy Food Service Limited Partnership	US	100			
Levy GP Corporation	US	100	<b>221 Bolivar Street, Jefferson City, MO 65101, US</b>		
Levy Holdings GP, Inc.	US	100	Dynamic Vending, Inc.	US	100
Levy Illinois Limited Partnership	US	100	Fresh Force, LLC	US	100
Levy Premium Foodservice Limited Partnership	US	100	Fresh Ideas Management, LLC	US	100
Levy R & H Limited Partnership	US	100			
Levy World Limited Partnership	US	100	<b>Princeton South Corporate Ctr, Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628, US</b>		
Professional Sports Catering, LLC	US	100	Gourmet Dining, LLC	US	100
Restaurant One Limited Partnership	US	100			
RT Wholesale, LLC	US	100	<b>MC-CSC1 300 Deschutes Way SW, Suite 208, Tumwater, WA 98501, US</b>		
Superior Limited Partnership	US	100	Inter Pacific Management, Inc.	US	100
<b>508 Meeting Street, West Columbia, SC 29169, US</b>					
CGSC Capital, Inc.	US	100	<b>2900 SW Wanamaker Drive, Suite 204, Topeka, KS 66614, US</b>		
<b>501 Louisiana Avenue, Baton Rouge, LA 70802-5921, US</b>			Levy Kansas, LLC	US	100
Coastal Food Service, Inc.	US	100	Myron Green Corporation	US	100
S.H.R.M. Catering Services, Inc.	US	100	PFM Kansas, Inc.	US	100
			Treat America Limited	US	100
<b>80 State Street, Albany, NY 12207-2543, US</b>			<b>8825 N. 23rd Avenue, Suite 100, Phoenix, AZ 85021, US</b>		
CulinArt Group, Inc.	US	100	Prodine, Inc.	US	100
CulinArt, Inc.	US	100	Sacco Dining Services, Inc.	US	100
Mazzone Hospitality, LLC	US	100			
Quality Food Management, Inc.	US	100	<b>2908 Poston Avenue, Nashville, TN 37203, US</b>		
RA Tennis Corp.	US	100	Southeast Service Corporation	US	100
RANYST, Inc.	US	100			
Restaurant Associates LLC	US	100	<b>1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, US</b>		
Restaurant Associates, Inc.	US	100	Statewide Services, Inc.	US	100
Restaurant Services Inc.	US	100			
<b>2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608, US</b>			<b>600 S, 2nd Street, Suite 155, Bismarck, ND 58504, US</b>		
Compass 2K12 Services, LLC	US	100	Compass ND, LLC	US	100
Compass HE Services, LLC	US	100			
Compass One, LLC	US	100	<b>2 Sun Court, Suite 400, Peachtree Corners, GA 30092, US</b>		
Compass Two, LLC	US	100	Eversource LLC	US	100
Waveguide LLC	US	100			
<b>2595 Interstate Drive, Suite 103, Harrisburg, PA 17110, US</b>			<b>112 North Curry Street, Carson City, NV 89703, US</b>		
Crothall Facilities Management, Inc.	US	100	GLV Restaurant Management Associates, LLC	US	100
Custom Management Corporation of Pennsylvania	US	100			
Morrison's Custom Management Corporation of Pennsylvania	US	100			
Newport Food Service, Inc.	US	100			
Williamson Hospitality Services, Inc.	US	100			
<b>3366 Riverside Drive, Suite 103, Upper Arlington, OH 43221, US</b>					
Cuyahoga Dining Services, Inc.	US	100			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2022

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding	Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding																																																																																																																																																																																																																																																																																																																																	
<b>Level 3, 12 Newcastle Street, Perth 6000, Australia</b>																																																																																																																																																																																																																																																																																																																																						
ESS Thalanyji PTY Ltd	Australia	60	Labrador Catering Inc. <sup>(iii)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																	
ESS Larrakia PTY Ltd	Australia	50	Labrador Catering LP <sup>(x)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																	
<b>30, 205 N. Narimanov avenue, Baku, AZ1065, Azerbaijan</b>																																																																																																																																																																																																																																																																																																																																						
ESS Support Services LLC	Azerbaijan	50	Clearwater River Dene Nation Reserve No. 222, P.O. Box 5050, Clearwater, Saskatchewan, S0M 3H0, Canada	Canada	49																																																																																																																																																																																																																																																																																																																																	
<b>1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada</b>																																																																																																																																																																																																																																																																																																																																						
Chef's Hall Inc. <sup>(iii)</sup>	Canada	67	Clearwater Catering Limited <sup>(iii)(iv)(v)(vi)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																	
Compass Group Sports and Entertainment – (Quebec) <sup>(x)</sup>	Canada	67	<b>130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3, Canada</b>																																																																																																																																																																																																																																																																																																																																			
ECC – ESS Support Services <sup>(x)</sup>	Canada	50	Umbrel Hospitality Group Inc. <sup>(iii)</sup>	Canada	49	2265668 Ontario Limited <sup>(iii)(iv)(v)(vi)(vii)</sup>	Canada	49	<b>77 King Street West, No. 400, Toronto, Ontario, M5K 0A1, Canada</b>						Amik Catering LP <sup>(x)</sup>	Canada	49	O&B Yonge Richmond LP*	Canada	33.4	Dease River – ESS Support Services <sup>(x)</sup>	Canada	49	<b>FO-110, Torsvavn, Faroe Islands</b>						Dene West Limited Partnership <sup>(x)</sup>	Canada	49	P/F Eurest Føroyar	Denmark	51	ESS – East Arm Camp Services <sup>(x)</sup>	Canada	49	<b>Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland</b>						ESS – Kaatodh Camp Services <sup>(x)</sup>	Canada	49	Semma Oy	Finland	45	ESS – Loon River Support Services <sup>(x)</sup>	Canada	49	<b>Ruukinkatu 2-4 20540 Turku, Finland</b>						ESS – Mi'kmaq Support Services <sup>(x)</sup>	Canada	49	Unica Oy	Finland	49	ESS – Missanabie Cree Support Services <sup>(x)</sup>	Canada	49	<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>						ESS – Na Cho Nyak Dun Camp Services <sup>(x)</sup>	Canada	49	Sopregim SAS	France	80	ESS – N'deh Support Services <sup>(x)</sup>	Canada	49	<b>Le Puy Du Fou, 85590 Les Epesses, France</b>						ESS – Ochapowace Support Services <sup>(x)</sup>	Canada	49	Puy Du Fou Restauration SAS	France	99.8	ESS – Pessamit Camp Services <sup>(x)</sup>	Canada	49	<b>Steenbeker Weg 25, 24106, Kiel, Germany</b>						ESS – Wapan Manawan Services de Soutien <sup>(x)</sup>	Canada	49	Lubinus – orgaMed Sterilgut GmbH	Germany	49	ESS-CreeQuest Support Services	Canada	49	<b>HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India</b>						ESS-Nuvumiut Support Services <sup>(x)</sup>	Canada	49	Bottle Lab Technologies Private Limited	India	79.55	ESS-SDEUM Support Services <sup>(x)</sup>	Canada	49	<b>No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru, Karnataka, 560071, India</b>						ESS-White River Support Services	Canada	49	Nextup Technologies Private Limited	India	79.55	ESS-Haisla Support Services <sup>(x)</sup>	Canada	49	<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>						ESS HLFN Support Services <sup>(x)</sup>	Canada	49	Chiyoda Kyushoku Services Co., Ltd	Japan	90	ESS KNRA Support Services <sup>(x)</sup>	Canada	49	<b>5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan</b>						ESS Komatik Support Services <sup>(x)</sup>	Canada	49	Seijo General Food Co., Ltd	Japan	50	ESS Liard First Nation Support Services <sup>(x)</sup>	Canada	49	<b>1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan</b>						ESS McKenzie Support Services <sup>(x)</sup>	Canada	49	Highway Royal Co., Ltd.	Japan	33.34	ESS Okanagan Indian Band Support Services <sup>(x)</sup>	Canada	49	<b>060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan</b>						ESS Tataskweyak Camp Services <sup>(x)</sup>	Canada	49	Eurest Support Services Company B LLP <sup>(ii)</sup>	Kazakhstan	50	ESS/Bushmaster Camp Services <sup>(x)</sup>	Canada	49							ESS/McLeod Lake Indian Band Support Services <sup>(x)</sup>	Canada	49							ESS/Mosakahiken Cree Nation Support Services <sup>(x)</sup>	Canada	49							ESS/Takla Lake Support Services <sup>(x)</sup>	Canada	49							ESS/WEDC Support Services <sup>(x)</sup>	Canada	49							First North Catering <sup>(x)</sup>	Canada	49							JCP – ESS Support Services <sup>(x)</sup>	Canada	49							KDM – ESS Support Services <sup>(x)</sup>	Canada	49							Metis Infinity – ESS Support Services	Canada	49							Mi'kma'ki Domiculture	Canada	49							Mi'Kmaq-ECC Nova Scotia Support Services <sup>(x)</sup>	Canada	49							Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49							Poplar Point Catering <sup>(x)</sup>	Canada	49							Songhees Nation Support Services <sup>(x)</sup>	Canada	49						
Umbrel Hospitality Group Inc. <sup>(iii)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																				
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Amik Catering LP <sup>(x)</sup>	Canada	49	O&B Yonge Richmond LP*	Canada	33.4	Dease River – ESS Support Services <sup>(x)</sup>	Canada	49	<b>FO-110, Torsvavn, Faroe Islands</b>						Dene West Limited Partnership <sup>(x)</sup>	Canada	49	P/F Eurest Føroyar	Denmark	51	ESS – East Arm Camp Services <sup>(x)</sup>	Canada	49	<b>Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland</b>						ESS – Kaatodh Camp Services <sup>(x)</sup>	Canada	49	Semma Oy	Finland	45	ESS – Loon River Support Services <sup>(x)</sup>	Canada	49	<b>Ruukinkatu 2-4 20540 Turku, Finland</b>						ESS – Mi'kmaq Support Services <sup>(x)</sup>	Canada	49	Unica Oy	Finland	49	ESS – Missanabie Cree Support Services <sup>(x)</sup>	Canada	49	<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>						ESS – Na Cho Nyak Dun Camp Services <sup>(x)</sup>	Canada	49	Sopregim SAS	France	80	ESS – N'deh Support Services <sup>(x)</sup>	Canada	49	<b>Le Puy Du Fou, 85590 Les Epesses, France</b>						ESS – Ochapowace Support Services <sup>(x)</sup>	Canada	49	Puy Du Fou Restauration SAS	France	99.8	ESS – Pessamit Camp Services <sup>(x)</sup>	Canada	49	<b>Steenbeker Weg 25, 24106, Kiel, Germany</b>						ESS – Wapan Manawan Services de Soutien <sup>(x)</sup>	Canada	49	Lubinus – orgaMed Sterilgut GmbH	Germany	49	ESS-CreeQuest Support Services	Canada	49	<b>HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India</b>						ESS-Nuvumiut Support Services <sup>(x)</sup>	Canada	49	Bottle Lab Technologies Private Limited	India	79.55	ESS-SDEUM Support Services <sup>(x)</sup>	Canada	49	<b>No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru, Karnataka, 560071, India</b>						ESS-White River Support Services	Canada	49	Nextup Technologies Private Limited	India	79.55	ESS-Haisla Support Services <sup>(x)</sup>	Canada	49	<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>						ESS HLFN Support Services <sup>(x)</sup>	Canada	49	Chiyoda Kyushoku Services Co., Ltd	Japan	90	ESS KNRA Support Services <sup>(x)</sup>	Canada	49	<b>5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan</b>						ESS Komatik Support Services <sup>(x)</sup>	Canada	49	Seijo General Food Co., Ltd	Japan	50	ESS Liard First Nation Support Services <sup>(x)</sup>	Canada	49	<b>1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan</b>						ESS McKenzie Support Services <sup>(x)</sup>	Canada	49	Highway Royal Co., Ltd.	Japan	33.34	ESS Okanagan Indian Band Support Services <sup>(x)</sup>	Canada	49	<b>060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan</b>						ESS Tataskweyak Camp Services <sup>(x)</sup>	Canada	49	Eurest Support Services Company B LLP <sup>(ii)</sup>	Kazakhstan	50	ESS/Bushmaster Camp Services <sup>(x)</sup>	Canada	49							ESS/McLeod Lake Indian Band Support Services <sup>(x)</sup>	Canada	49							ESS/Mosakahiken Cree Nation Support Services <sup>(x)</sup>	Canada	49							ESS/Takla Lake Support Services <sup>(x)</sup>	Canada	49							ESS/WEDC Support Services <sup>(x)</sup>	Canada	49							First North Catering <sup>(x)</sup>	Canada	49							JCP – ESS Support Services <sup>(x)</sup>	Canada	49							KDM – ESS Support Services <sup>(x)</sup>	Canada	49							Metis Infinity – ESS Support Services	Canada	49							Mi'kma'ki Domiculture	Canada	49							Mi'Kmaq-ECC Nova Scotia Support Services <sup>(x)</sup>	Canada	49							Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49							Poplar Point Catering <sup>(x)</sup>	Canada	49							Songhees Nation Support Services <sup>(x)</sup>	Canada	49																					
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Dene West Limited Partnership <sup>(x)</sup>	Canada	49	P/F Eurest Føroyar	Denmark	51	ESS – East Arm Camp Services <sup>(x)</sup>	Canada	49	<b>Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland</b>						ESS – Kaatodh Camp Services <sup>(x)</sup>	Canada	49	Semma Oy	Finland	45	ESS – Loon River Support Services <sup>(x)</sup>	Canada	49	<b>Ruukinkatu 2-4 20540 Turku, Finland</b>						ESS – Mi'kmaq Support Services <sup>(x)</sup>	Canada	49	Unica Oy	Finland	49	ESS – Missanabie Cree Support Services <sup>(x)</sup>	Canada	49	<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>						ESS – Na Cho Nyak Dun Camp Services <sup>(x)</sup>	Canada	49	Sopregim SAS	France	80	ESS – N'deh Support Services <sup>(x)</sup>	Canada	49	<b>Le Puy Du Fou, 85590 Les Epesses, France</b>						ESS – Ochapowace Support Services <sup>(x)</sup>	Canada	49	Puy Du Fou Restauration SAS	France	99.8	ESS – Pessamit Camp Services <sup>(x)</sup>	Canada	49	<b>Steenbeker Weg 25, 24106, Kiel, Germany</b>						ESS – Wapan Manawan Services de Soutien <sup>(x)</sup>	Canada	49	Lubinus – orgaMed Sterilgut GmbH	Germany	49	ESS-CreeQuest Support Services	Canada	49	<b>HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India</b>						ESS-Nuvumiut Support Services <sup>(x)</sup>	Canada	49	Bottle Lab Technologies Private Limited	India	79.55	ESS-SDEUM Support Services <sup>(x)</sup>	Canada	49	<b>No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru, Karnataka, 560071, India</b>						ESS-White River Support Services	Canada	49	Nextup Technologies Private Limited	India	79.55	ESS-Haisla Support Services <sup>(x)</sup>	Canada	49	<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>						ESS HLFN Support Services <sup>(x)</sup>	Canada	49	Chiyoda Kyushoku Services Co., Ltd	Japan	90	ESS KNRA Support Services <sup>(x)</sup>	Canada	49	<b>5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan</b>						ESS Komatik Support Services <sup>(x)</sup>	Canada	49	Seijo General Food Co., Ltd	Japan	50	ESS Liard First Nation Support Services <sup>(x)</sup>	Canada	49	<b>1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan</b>						ESS McKenzie Support Services <sup>(x)</sup>	Canada	49	Highway Royal Co., Ltd.	Japan	33.34	ESS Okanagan Indian Band Support Services <sup>(x)</sup>	Canada	49	<b>060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan</b>						ESS Tataskweyak Camp Services <sup>(x)</sup>	Canada	49	Eurest Support Services Company B LLP <sup>(ii)</sup>	Kazakhstan	50	ESS/Bushmaster Camp Services <sup>(x)</sup>	Canada	49							ESS/McLeod Lake Indian Band Support Services <sup>(x)</sup>	Canada	49							ESS/Mosakahiken Cree Nation Support Services <sup>(x)</sup>	Canada	49							ESS/Takla Lake Support Services <sup>(x)</sup>	Canada	49							ESS/WEDC Support Services <sup>(x)</sup>	Canada	49							First North Catering <sup>(x)</sup>	Canada	49							JCP – ESS Support Services <sup>(x)</sup>	Canada	49							KDM – ESS Support Services <sup>(x)</sup>	Canada	49							Metis Infinity – ESS Support Services	Canada	49							Mi'kma'ki Domiculture	Canada	49							Mi'Kmaq-ECC Nova Scotia Support Services <sup>(x)</sup>	Canada	49							Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49							Poplar Point Catering <sup>(x)</sup>	Canada	49							Songhees Nation Support Services <sup>(x)</sup>	Canada	49																																				
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ESS – Mi'kmaq Support Services <sup>(x)</sup>	Canada	49	Unica Oy	Finland	49	ESS – Missanabie Cree Support Services <sup>(x)</sup>	Canada	49	<b>123 Avenue de la République – Hall A, 92320 Châtillon, France</b>						ESS – Na Cho Nyak Dun Camp Services <sup>(x)</sup>	Canada	49	Sopregim SAS	France	80	ESS – N'deh Support Services <sup>(x)</sup>	Canada	49	<b>Le Puy Du Fou, 85590 Les Epesses, France</b>						ESS – Ochapowace Support Services <sup>(x)</sup>	Canada	49	Puy Du Fou Restauration SAS	France	99.8	ESS – Pessamit Camp Services <sup>(x)</sup>	Canada	49	<b>Steenbeker Weg 25, 24106, Kiel, Germany</b>						ESS – Wapan Manawan Services de Soutien <sup>(x)</sup>	Canada	49	Lubinus – orgaMed Sterilgut GmbH	Germany	49	ESS-CreeQuest Support Services	Canada	49	<b>HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India</b>						ESS-Nuvumiut Support Services <sup>(x)</sup>	Canada	49	Bottle Lab Technologies Private Limited	India	79.55	ESS-SDEUM Support Services <sup>(x)</sup>	Canada	49	<b>No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru, Karnataka, 560071, India</b>						ESS-White River Support Services	Canada	49	Nextup Technologies Private Limited	India	79.55	ESS-Haisla Support Services <sup>(x)</sup>	Canada	49	<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>						ESS HLFN Support Services <sup>(x)</sup>	Canada	49	Chiyoda Kyushoku Services Co., Ltd	Japan	90	ESS KNRA Support Services <sup>(x)</sup>	Canada	49	<b>5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan</b>						ESS Komatik Support Services <sup>(x)</sup>	Canada	49	Seijo General Food Co., Ltd	Japan	50	ESS Liard First Nation Support Services <sup>(x)</sup>	Canada	49	<b>1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan</b>						ESS McKenzie Support Services <sup>(x)</sup>	Canada	49	Highway Royal Co., Ltd.	Japan	33.34	ESS Okanagan Indian Band Support Services <sup>(x)</sup>	Canada	49	<b>060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan</b>						ESS Tataskweyak Camp Services <sup>(x)</sup>	Canada	49	Eurest Support Services Company B LLP <sup>(ii)</sup>	Kazakhstan	50	ESS/Bushmaster Camp Services <sup>(x)</sup>	Canada	49							ESS/McLeod Lake Indian Band Support Services <sup>(x)</sup>	Canada	49							ESS/Mosakahiken Cree Nation Support Services <sup>(x)</sup>	Canada	49							ESS/Takla Lake Support Services <sup>(x)</sup>	Canada	49							ESS/WEDC Support Services <sup>(x)</sup>	Canada	49							First North Catering <sup>(x)</sup>	Canada	49							JCP – ESS Support Services <sup>(x)</sup>	Canada	49							KDM – ESS Support Services <sup>(x)</sup>	Canada	49							Metis Infinity – ESS Support Services	Canada	49							Mi'kma'ki Domiculture	Canada	49							Mi'Kmaq-ECC Nova Scotia Support Services <sup>(x)</sup>	Canada	49							Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49							Poplar Point Catering <sup>(x)</sup>	Canada	49							Songhees Nation Support Services <sup>(x)</sup>	Canada	49																																																																		
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ESS – Na Cho Nyak Dun Camp Services <sup>(x)</sup>	Canada	49	Sopregim SAS	France	80	ESS – N'deh Support Services <sup>(x)</sup>	Canada	49	<b>Le Puy Du Fou, 85590 Les Epesses, France</b>						ESS – Ochapowace Support Services <sup>(x)</sup>	Canada	49	Puy Du Fou Restauration SAS	France	99.8	ESS – Pessamit Camp Services <sup>(x)</sup>	Canada	49	<b>Steenbeker Weg 25, 24106, Kiel, Germany</b>						ESS – Wapan Manawan Services de Soutien <sup>(x)</sup>	Canada	49	Lubinus – orgaMed Sterilgut GmbH	Germany	49	ESS-CreeQuest Support Services	Canada	49	<b>HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India</b>						ESS-Nuvumiut Support Services <sup>(x)</sup>	Canada	49	Bottle Lab Technologies Private Limited	India	79.55	ESS-SDEUM Support Services <sup>(x)</sup>	Canada	49	<b>No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru, Karnataka, 560071, India</b>						ESS-White River Support Services	Canada	49	Nextup Technologies Private Limited	India	79.55	ESS-Haisla Support Services <sup>(x)</sup>	Canada	49	<b>Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan</b>						ESS HLFN Support Services <sup>(x)</sup>	Canada	49	Chiyoda Kyushoku Services Co., Ltd	Japan	90	ESS KNRA Support Services <sup>(x)</sup>	Canada	49	<b>5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan</b>						ESS Komatik Support Services <sup>(x)</sup>	Canada	49	Seijo General Food Co., Ltd	Japan	50	ESS Liard First Nation Support Services <sup>(x)</sup>	Canada	49	<b>1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan</b>						ESS McKenzie Support Services <sup>(x)</sup>	Canada	49	Highway Royal Co., Ltd.	Japan	33.34	ESS Okanagan Indian Band Support Services <sup>(x)</sup>	Canada	49	<b>060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan</b>						ESS Tataskweyak Camp Services <sup>(x)</sup>	Canada	49	Eurest Support Services Company B LLP <sup>(ii)</sup>	Kazakhstan	50	ESS/Bushmaster Camp Services <sup>(x)</sup>	Canada	49							ESS/McLeod Lake Indian Band Support Services <sup>(x)</sup>	Canada	49							ESS/Mosakahiken Cree Nation Support Services <sup>(x)</sup>	Canada	49							ESS/Takla Lake Support Services <sup>(x)</sup>	Canada	49							ESS/WEDC Support Services <sup>(x)</sup>	Canada	49							First North Catering <sup>(x)</sup>	Canada	49							JCP – ESS Support Services <sup>(x)</sup>	Canada	49							KDM – ESS Support Services <sup>(x)</sup>	Canada	49							Metis Infinity – ESS Support Services	Canada	49							Mi'kma'ki Domiculture	Canada	49							Mi'Kmaq-ECC Nova Scotia Support Services <sup>(x)</sup>	Canada	49							Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49							Poplar Point Catering <sup>(x)</sup>	Canada	49							Songhees Nation Support Services <sup>(x)</sup>	Canada	49																																																																																	
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Nisga'a Village – ESS Support Services <sup>(x)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																				
Poplar Point Catering <sup>(x)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																				
Songhees Nation Support Services <sup>(x)</sup>	Canada	49																																																																																																																																																																																																																																																																																																																																				

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding	Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
<b>060011, Old Airport Road 64, Atyrau City, Atyrau Oblast, Republic of Kazakhstan</b>			<b>Hotel owned by Emaar Properties, Building No. 1, Parcel ID 392-497, Dubai Marina, United Arab Emirates</b>		
ESS Kazakhstan LLP	Kazakhstan	60	Abu Dhabi National Hotels – Compass Emirates LLC	UAE	50
<b>39 Boulevard Joseph, II L-1840, Luxembourg</b>	Luxembourg	25	<b>Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom</b>		
Geria SA	Luxembourg	25	Quaglino's Limited <sup>(iii)</sup>	UK	99
<b>Level 18 The Gardena North Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, 59200, Malaysia</b>			<b>County Ground, Edgbaston, Birmingham, B5 7QU, United Kingdom</b>		
EM-SSIS Services Sdn. Bhd. <sup>(ii)</sup>	Malaysia	42	Edgbaston Experience Limited <sup>(iii)(iv)</sup>	UK	25
<b>Suite 1301, 13th Floor, City Plaza Jalan Tebrau, 80300 Johor Bahru Johor, Malaysia</b>			<b>Lower Ground 04 Edinburgh House, 154-182 Kennington Lane, London, SE11 5DP, United Kingdom</b>		
Knusford Compass Sdn. Bhd.	Malaysia	49	Peppermint Events Limited	UK	50
<b>1 Avenue Henri Dunant, Palais De La Scala, 3eme, Etage – No 1125, 98000 MC, Monaco</b>			POP (Purveyors of Plenty) Collective Limited	UK	50
Eurest Monaco S.A.	Monaco	99.99	<b>Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA, United Kingdom</b>		
<b>Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands</b>			Twickenham Experience Limited	UK	15.53 <sup>1</sup>
Compass Group International Finance C.V. <sup>(x)</sup>	Netherlands	100	<b>The Oval, Kennington, London, SE11 5SS, United Kingdom</b>		
<b>Okesnoyveien 16, 1366, Lysaker, 1366, Norway</b>			Oval Events Holdings Limited <sup>(iv)(v)(vi)</sup>	UK	37.5
Forpleiningstjenester AS	Norway	33.33	Oval Events Limited <sup>(iv)(v)(vi)</sup>	UK	37.5
<b>Harbitzalléen 2A, 0275 Oslo, PÅ Box 4148, Sjølyst, 0217 Oslo, Norway</b>			<b>Clere House, 3 Chapel Place, London, EC2A 3DQ, United Kingdom</b>		
Gress Gruppen AS	Norway	33.33	Kerb Events Limited <sup>(iii)</sup>	UK	50
<b>c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea</b>			<b>7 St. Paul Street, Suite 820, Baltimore, MD 21202, US</b>		
Eurest OKAS Catering Ltd <sup>(ii)</sup>	Papua New Guinea	55	Bon Appétit Maryland, LLC	US	99
Eurest Lotic (PNG) JV Ltd <sup>(ii)</sup>	Papua New Guinea	50	<b>84 State Street, Boston, MA 02109, US</b>		
<b>2 Floor, Al Mana Commercial Tower, C-Ring road, Doha, PO BOX 22481, Qatar</b>			Levy Maryland, LLC	US	74
Compass Catering Services WLL	Qatar	20	<b>909 A St Ste 600, Tacoma, WA 98402-5114, US</b>		
<b>PO Box 31952, Al Khobar 31685 KSA, Saudi Arabia</b>			BlueStar Refreshment Services Washington, LLC	US	49
Compass Arabia Co. Ltd (LLC)	Saudi Arabia	30	<b>251 Little Falls Drive, Wilmington, DE 19808, US</b>		
<b>Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain</b>			HHP-MMS JV1, LLC	US	90
Gourmet on Wheels, S.L.U.	Spain	99	HHP-Partner COL, LLC	US	90
<b>Office No. 209, Mawilah, Al Sharjah, P O Box: 1897, United Arab Emirates</b>			HHP-Partner, LLC	US	90
Abu Dhabi National Hotels – Compass LLC	UAE	50	MMS JV Holdings, LLC	US	90
<b>Abu Dhabi National Hotels Company Building, Sheikh Rashid Bin Saeed Al Maktoum Street, Abu Dhabi, United Arab Emirates</b>			Levy LA Concessions, LLC	US	62.5
Abu Dhabi National Hotels Compass Middle East LLC	UAE	50	A.Anthony, LLC	US	51
			Learfield Levy Foodservice, LLC	US	50
			Parlay Solutions, LLC	US	50
			DIOSS LLC	US	49
			Thompson Facilities Services LLC	US	49
			Thompson Hospitality Services, LLC	US	49
			Chicago Restaurant Partners, LLC	US	42
			Corporate Essentials LLC	US	25

1. As a percentage of nominal value of total share capital in issue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2022

## 35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding	Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding			
<b>1209 Orange St., Wilmington, DE 19801, US</b>								
BlueStar Refreshment Services, LLC	US	49	1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, US					
Link-Age Venture Labs, LLC	US	30	KIJIK/ESS, LLC	US	80			
<b>1090 Vermont Ave N.W., Washington, DC 20005, US</b>								
Seasons Culinary Services, Inc	US	50.1	Statewide/GanaAYoo JV	US	50			
<b>2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US</b>								
Cosmopolitan Catering, LLC	US	60	<b>80 State Street, Albany, NY 12207-2543, US</b>					
<b>1870 Patio Drive, San Jose, CA 95125, US</b>								
BlueStar Refreshment Services LA, LLC	US	49	Hudson Yards Catering, LLC	US	49			
<b>4605 Duke Drive, Suite 110, Mason, OH 45040, US</b>								
Linkage Solutions, LLC	US	49	<b>Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, US</b>					
<b>980 N. Michigan Ave., Suite 400, Chicago, IL 60611, US</b>								
Convention Hospitality Partners	US	80	AEG Venue Management Holdings, LLC	US	38			
Atlanta Sports Catering	US	50						
Orlando Foodservice Partners	US	50						

## NOTES

1. Unless otherwise stated, indirectly owned by Compass Group PLC, active status and ordinary shares issued.
2. In some of the jurisdictions where we operate, share classes are not defined and in these instances, for the purposes of disclosure, we have classified these holdings as ordinary.
3. A number of the companies listed are legacy companies which no longer serve any operational purpose.

## CLASSIFICATIONS KEY

- (i) Directly owned by Compass Group PLC
- (ii) Dormant/non-trading
- (iii) A Ordinary shares
- (iv) B Ordinary shares
- (v) C Ordinary and/or Special shares
- (vi) D, E and/or F Ordinary shares
- (vii) Deferred shares
- (viii) Preference including cumulative, non-cumulative and redeemable shares
- (ix) Redeemable shares
- (x) No share capital, share of profits
- (xi) Limited by guarantee

## PARENT COMPANY BALANCE SHEET

At 30 September 2022

COMPASS GROUP PLC	Notes	2022 £m	2021 £m
<b>FIXED ASSETS</b>			
Investments in subsidiary undertakings	1	<b>1,105</b>	1,074
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	2	<b>2,752</b>	7,248
Debtors: amounts falling due after more than one year	2	<b>8,094</b>	2,029
Cash at bank and in hand		<b>1,459</b>	1,307
Current assets		<b>12,305</b>	10,584
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors: amounts falling due within one year	3	<b>(5,928)</b>	(4,416)
Net current assets		<b>6,377</b>	6,168
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Total assets less current liabilities		<b>7,482</b>	7,242
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Creditors: amounts falling due after more than one year	3	<b>(3,527)</b>	(3,161)
Provisions		<b>(3)</b>	(3)
<b>Net assets</b>		<b>3,952</b>	4,078
<b>EQUITY</b>			
Share capital	5	<b>198</b>	198
Share premium		<b>189</b>	189
Capital redemption reserve		<b>295</b>	295
Own shares		<b>(515)</b>	—
Share-based payment reserve		—	271
Retained earnings <sup>1</sup>		<b>3,785</b>	3,125
<b>Total equity</b>		<b>3,952</b>	4,078

1. The Company's profit on ordinary activities after tax was £764m (2021: £190m).

Approved by the Board of Directors on 21 November 2022 and signed on its behalf by:

**DOMINIC BLAKEMORE**, Director**PALMER BROWN**, Director

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

<b>EQUITY</b>	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Share-based payment reserve £m	Retained earnings <sup>1</sup> £m	Total £m
At 1 October 2020	198	189	295	–	254	2,935	3,871
Profit for the year	–	–	–	–	–	190	190
Fair value of share-based payments	–	–	–	–	20	–	20
Release of share awards settled in existing shares purchased in the market	–	–	–	–	(3)	–	(3)
At 30 September 2021	198	189	295	–	271	3,125	4,078
Profit for the year	–	–	–	–	–	<b>764</b>	<b>764</b>
Fair value of share-based payments	–	–	–	–	<b>34</b>	–	<b>34</b>
Release of share awards settled in existing shares purchased in the market	–	–	–	–	(4)	–	(4)
Purchase of own shares – share buyback programme <sup>2</sup>	–	–	–	(502)	–	–	(502)
Transfer <sup>3,4</sup>	–	–	–	(13)	(301)	<b>314</b>	–
Dividends paid to shareholders <sup>5</sup>	–	–	–	–	–	(418)	(418)
<b>At 30 September 2022</b>	<b>198</b>	<b>189</b>	<b>295</b>	<b>(515)</b>	–	<b>3,785</b>	<b>3,952</b>

1. The non-distributable portion of retained earnings is £301m at 30 September 2022 (2021: £nil).

2. Including stamp duty and brokers' commission.

3. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.

4. To ensure consistency in the presentation of own shares, the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 has been transferred from retained earnings to the own shares reserve.

5. Details of dividends paid to equity shareholders are shown in note 7 of the consolidated financial statements.

**Own shares**

The own shares reserve comprises 24,151,566 shares in Compass Group PLC purchased under the share buyback programme announced in May 2022 and held in treasury, and 1,050,933 shares in Compass Group PLC purchased in previous years and held in treasury.

In May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, of which £425m was paid in cash during the year. These shares are held in treasury. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2022 and, therefore, a creditor in respect of the value of the shares not yet purchased under the programme has been recognised. The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m.

## PARENT COMPANY ACCOUNTING POLICIES

For the year ended 30 September 2022

### Introduction

The significant accounting policies adopted in the preparation of the separate financial statements of Compass Group PLC (the Company) are set out below.

### Basis of preparation

The Company has prepared its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements present information about the Company as an individual undertaking, not as a Group undertaking, and are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2022. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The amount of profit for the year of the Company is disclosed in the Parent Company Balance Sheet and Statement of Changes in Equity.

### Going concern

These financial statements have been prepared on a going concern basis. This is discussed in the Group accounting policies on page 134.

### FRS 101 exemptions

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes
- financial instruments and fair values
- share-based payments
- transactions with wholly-owned subsidiaries
- compensation of key management personnel
- capital management
- the effect of new but not yet effective accounting standards

### Changes in accounting policies

There have been no significant changes in accounting policies during the year.

### Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment. In the opinion of the directors, the value of such investments is not less than shown at the balance sheet date.

Investment income is measured at the fair value of the consideration received or receivable. It represents dividend income which is recognised when the right to receive payment is established.

### Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the income statement for the period.

### Financial assets and liabilities

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument and derecognised when it ceases to be party to such provisions. Financial assets are classified as current if they are expected to be received within 12 months of the balance sheet date. Financial liabilities are classified as current if they are legally due to be paid within 12 months of the balance sheet date.

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9 Financial Instruments, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the carrying amounts are reduced by a provision equal to the lifetime expected credit losses using historic and forward-looking data on credit risk.

The Company classifies its financial assets and liabilities into the following categories:

- financial assets and liabilities at amortised cost
- financial assets and liabilities at fair value through profit or loss

Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the Company does not apply the fair value option.

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

**PARENT COMPANY ACCOUNTING POLICIES CONTINUED**  
For the year ended 30 September 2022

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

Amounts owed by subsidiary undertakings are initially measured at fair value and are subsequently reported at amortised cost. Provisions on intra-group receivables are calculated at an amount equal to the lifetime expected credit losses using historic and forward-looking data on credit risk.

Amounts owed to subsidiary undertakings are initially measured at fair value and are subsequently reported at amortised cost.

Non-interest-bearing payables are stated at their nominal value as they are due on demand.

**Dividends**

Dividends paid are recognised in the Company's financial statements in the year in which they are approved in a general meeting by the Company's shareholders. Interim dividends are recognised when paid.

**Deferred tax**

Deferred tax is provided at the anticipated rates on temporary differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

**Share-based payments**

The Company issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in subsidiary undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge, see note 25 to the consolidated financial statements.

**Own shares**

The own shares reserve represents shares in Compass Group PLC held in treasury, including transaction costs. Own shares are treated as a deduction to equity until the shares are cancelled, reissued or sold, at which point they are transferred to retained earnings. The nominal value of shares in the Company purchased and subsequently cancelled is shown as a reduction in share capital and an equal and opposite transfer to the capital redemption reserve.

**Financial guarantees and loan commitments**

Financial guarantee contract liabilities are measured initially at their fair values. These liabilities are subsequently measured at the higher of the expected credit loss determined under IFRS 9 Financial Instruments and the initial fair value.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS  
For the year ended 30 September 2022

## 1 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	2022 £m	2021 £m
<b>COST</b>		
At 1 October	<b>1,075</b>	1,057
Share-based payments to employees of subsidiaries	<b>34</b>	20
Recharged to subsidiaries during the year	<b>(3)</b>	(2)
<b>At 30 September</b>	<b>1,106</b>	1,075
<b>PROVISIONS</b>		
<b>At 1 October and 30 September</b>	<b>(1)</b>	(1)
<b>NET BOOK VALUE</b>		
<b>At 30 September</b>	<b>1,105</b>	1,074

The principal subsidiary undertakings are listed in note 35 to the consolidated financial statements.

## 2 DEBTORS

DEBTORS	Notes	2022			2021		
		Falling due within one year £m	Falling due after more than one year £m	Total £m	Falling due within one year £m	Falling due after more than one year £m	Total £m
Amounts owed by subsidiary undertakings		<b>2,681</b>	<b>8,018</b>	<b>10,699</b>	7,246	1,913	9,159
Derivative financial instruments	4	<b>71</b>	<b>76</b>	<b>147</b>	2	116	118
<b>Total</b>		<b>2,752</b>	<b>8,094</b>	<b>10,846</b>	7,248	2,029	9,277

Amounts owed by subsidiary undertakings may be interest-free or interest-bearing loans. Interest-free loans are repayable on demand. Interest-bearing loans incur interest at fixed rates (between 0.35% and 40%) or various floating rates with margins ranging from -0.05% to +1.50% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to May 2031.

The book value of amounts owed by subsidiary undertakings falling due within one year approximates to fair value due to the short-term nature of these receivables. The fair value of amounts owed by subsidiary undertakings falling due after more than one year is £7,452m (2021: £2,092m).

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 September 2022

## 3 CREDITORS

CREDITORS	Notes	2022			2021		
		Falling due within one year £m	Falling due after more than one year £m	Total £m	Falling due within one year £m	Falling due after more than one year £m	Total £m
Issued debt	4	439	1,847	2,286	295	2,052	2,347
Bank overdrafts	4	350	—	350	249	—	249
Amounts owed to subsidiary undertakings	4	4,996	1,424	6,420	3,775	1,102	4,877
Derivative financial instruments	4	6	237	243	9	7	16
Other payables <sup>1</sup>	4	77	—	77	—	—	—
Accruals		32	—	32	34	—	34
Current tax		28	—	28	54	—	54
Deferred tax <sup>2</sup>		—	19	19	—	—	—
<b>Total</b>		<b>5,928</b>	<b>3,527</b>	<b>9,455</b>	<b>4,416</b>	<b>3,161</b>	<b>7,577</b>

1. Represents a commitment in respect of the share buyback programme announced in May 2022.

2. The deferred tax liability of £19m at 30 September 2022 arose in the income statement during the year in relation to net gains on certain derivative financial instruments.

ISSUED DEBT	Nominal value	Redeemable	Interest	2022		2021 Carrying value £m
				Carrying value £m	2021 Carrying value £m	
US Private Placement	\$398m	Oct 2021	3.98%	—	—	295
Eurobond	€500m	Jan 2023	1.88%	439	440	
US Private Placement	\$352m	Oct 2023	4.12%	310	274	
US Private Placement	\$100m	Dec 2024	3.54%	89	74	
Eurobond	£250m	Sep 2025	2.00%	220	252	
US Private Placement	\$300m	Sep 2025	3.81%	259	242	
Eurobond	£250m	Jun 2026	3.85%	249	249	
US Private Placement	\$300m	Dec 2026	3.64%	269	221	
Eurobond	£300m	Jul 2029	2.00%	233	300	
Eurobond	£250m	Sep 2032	4.38%	218	—	
<b>Total</b>				<b>2,286</b>	<b>2,347</b>	

In September 2022, the Company issued a fixed-rate sustainable bond of £250m maturing in 2032.

The Company has a £2,000m committed Revolving Credit Facility (RCF), of which £140m is committed to August 2024 and £1,860m is committed to August 2026. At 30 September 2022, no amounts were drawn under the RCF (2021: £nil).

The Company has a \$4bn commercial paper programme. Commercial paper is issued to meet short-term liquidity requirements and is supported by the RCF. At 30 September 2022, no commercial paper was outstanding under the programme (2021: £nil).

Amounts owed to subsidiary undertakings may be interest-free or interest-bearing loans. Interest-free loans are repayable on demand and classified as current. Interest-bearing loans incur interest at fixed rates (between 0.73% and 3.10%) or various floating rates with margins ranging from -0.15% to +1.50% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to September 2048.

The book value of amounts owed to subsidiary undertakings falling due within one year approximates to fair value due to the short-term nature of these payables. The fair value of amounts owed to subsidiary undertakings falling due after more than one year is shown below:

AMOUNTS OWED TO SUBSIDIARY UNDERTAKINGS FALLING DUE AFTER MORE THAN ONE YEAR	Nominal value	Redeemable	Interest	2022		2021	
				Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Euro intra-group loan	€750m	Jul 2024	0.73%	632	631	659	658
Euro intra-group loan	€500m	Sep 2028	1.60%	380	388	443	459
Euro intra-group loan	€500m	Mar 2030	3.10%	412	415	—	—
<b>Total</b>				<b>1,424</b>	<b>1,434</b>	<b>1,102</b>	<b>1,117</b>

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

## 4 MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

The maturity of financial liabilities and derivative financial instruments as at 30 September is as follows:

MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	2022				
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Issued debt	439	310	1,086	451	2,286
Bank overdrafts	350	—	—	—	350
Amounts owed to subsidiary undertakings	4,996	632	—	792	6,420
Derivative financial instruments	(65)	(8)	(6)	175	96
Other payables	77	—	—	—	77

MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	2021				
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Issued debt	295	440	1,091	521	2,347
Bank overdrafts	249	—	—	—	249
Amounts owed to subsidiary undertakings	3,775	—	659	443	4,877
Derivative financial instruments	7	(46)	(68)	5	(102)

## 5 SHARE CAPITAL

Details of the share capital and share-based payments of the Company are shown in notes 24 and 25 of the consolidated financial statements.

## 6 POST-BALANCE SHEET EVENTS

On 21 November 2022, a final dividend in respect of 2022 of 22.1p per share, £389m in aggregate, was declared.

In the period from 1 October to 11 November 2022, 3,447,549 shares were repurchased for a total price, including transaction costs, of £63m under the share buyback programme announced in May 2022. In November 2022, we announced a further share buyback of up to £250m, to take place during the first half of the 2023 financial year, taking the total buyback to £750m.

## 7 OTHER INFORMATION

### Company audit fee

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £1.8m (2021: £1.4m).

### Employees

The Company had no direct employees in the course of the year (2021: none).

### Guarantees and indemnities

At 30 September 2022, guarantees and indemnities (including subsidiary undertakings' overdrafts) totalled £443m (2021: £398m). Details of certain contingent guarantees and indemnities which involve the Company are set out in note 29 to the consolidated financial statements.

### Related party transactions

With the exception of transactions between the Company and its wholly-owned subsidiaries, there are no material related party transactions in the current or prior year.

# SHAREHOLDER INFORMATION

## Registrar

Compass Group PLC's share register is managed by the Company's registrar, Link Group. Shareholders should contact Link directly if they have questions about their Compass shareholding. Link can be contacted as follows:

- **Post:** 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
- **Email:** [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)
- **Telephone:** within the UK: Freephone 0800 029 4520 and from Overseas: +44 333 300 1568. Lines are open between 09:00 and 17:30 UK time, Monday to Friday, excluding public holidays in England and Wales.

## Manage your holding online

Shareholders can register online to view their shareholding details using the Share Portal, a service offered by the registrar at [signalshares.com](http://signalshares.com). To register for the Share Portal, shareholders need their investor code which is shown on their share certificate. The service enables shareholders to check their shareholdings in Compass Group PLC 24 hours a day; gain easy access to a range of shareholder information including indicative valuations and payment instruction details; and to appoint a proxy to attend general meetings of Compass Group PLC.

## Electronic communications and published information

The Annual Report and Accounts and all other shareholder communications can be found on our website, [www.compass-group.com](http://www.compass-group.com). Shareholders are encouraged to receive notification of the availability of shareholder communications via email and to view documents electronically. By electing to receive shareholder communications in this way, shareholders can read and/or download information at their convenience; and help the Company to save money by reducing the number of paper documents produced and posted. By signing up for electronic communications, shareholders will be notified by email each time a new shareholder document is available. Register to receive email communications at [signalshares.com](http://signalshares.com). To receive a copy of the Annual Report or Notice of Annual General Meeting in another format e.g., large print, Braille or an audio version, contact the Group Secretariat, Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

## Dividends

The Company normally pays a dividend twice each year. Dividends are paid in accordance with the instructions given to the registrar, i.e., by cheque, direct payment or reinvested in the Dividend Reinvestment Plan.

Most shareholders resident outside the UK can have dividends in excess of £10 paid into their bank account directly via the Link Group international payments service. Details and terms and conditions may be viewed at <https://ww2.linkgroup.eu/ips>. Shareholders outside the UK who are unable to use the international payments service should contact Link to discuss the payment options available.

## Share price information, share dealing and sharegift

The price of the Company's shares is available on the Company's website, [www.compass-group.com](http://www.compass-group.com). Compass Group shares can be traded through most banks, building societies, stockbrokers or online dealing services.

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for anyone wishing to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift's website [www.sharegift.org](http://www.sharegift.org); telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737; email: [help@sharegift.org](mailto:help@sharegift.org).

## American depository receipt

Compass Group PLC operates an American Depository Receipt (ADR) programme under which ADRs are traded on the over-the-counter market under the symbol CMPGY. One ADR represents one ordinary Compass share. BNY Mellon is the depositary bank and maintains the Company's ADR register. Shareholders with a query about Compass ADRs should contact BNY Mellon as follows:

- **Post:** BNY Mellon Shareowner Services, P.O. Box 43006, Providence, Rhode Island 02940-3078, US.
- **Overnight Post:** BNY Mellon Shareowner Services, 150 Royall St., Suite 101, Canton, Massachusetts 02021, US.
- **E-mail:** [shrrelations@cpushareownerservices.com](mailto:shrrelations@cpushareownerservices.com)
- **Telephone:** Tel. +1 888-269-2377 (toll-free number in the U.S.)  
Tel. +1 201 680 6825 (international)

Further information can also be found on BNY Mellon's website, [mybnymdr.com](http://mybnymdr.com) using the symbol CMPGY.

## Identity theft

Advice to shareholders on protecting their personal information and Compass Group PLC shares:

- keep all Compass correspondence in a safe place, or destroy correspondence by shredding
- when changing address, inform the registrar, Link Group. If a letter is received from Link Group regarding a change of address and there has been no change of address, contact the registrar immediately using the contact information on the previous page
- have dividends paid directly into a bank or building society account. This will reduce the risk of the cheque being intercepted or lost in the post. Contact the registrar for further information
- on changing a bank or building society account, inform the registrar of the details of the new account and respond, as requested, to any letters Link Group send regarding this matter

## Warning about share fraud

Investment scams are often sophisticated and difficult to spot. Fraudsters are persuasive and use high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an up front payment. Whilst high profits are promised, if shares are bought or sold in this way, it is likely the money for the purchase or from the sale will be lost. These operations are commonly known as 'boiler room' scams. Shareholders should be wary if they are contacted out of the blue, pressured to invest quickly or promised returns that sound too good to be true. Generally, the higher the return promised, the more likely it's a high-risk investment or a scam.

The Financial Conduct Authority (FCA) has issued some guidance for shareholders on how to recognise and avoid investment fraud:

- legitimate firms authorised by the FCA are unlikely to contact you unexpectedly with an offer to buy or sell shares
- if you receive an unsolicited phone call, do not get into a conversation, note the name of the person and firm contacting you and then end the call
- check the Financial Services Register available at <https://register.fca.org.uk/> to see if the person and firm contacting you is authorised by the FCA. If you wish to call the person or firm back, only use the contact details listed on the Register
- call the FCA on 0800 111 6768 if the firm does not have any contact details on the FCA's register, or if you are told that they are out of date
- search the list of unauthorised firms to avoid at <https://www.fca.org.uk/consumers/unauthorised-firms-individuals>
- if you do buy or sell shares through an unauthorised firm, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme
- consider obtaining independent financial and professional advice before you hand over any money.

Report a firm or scam by contacting the FCA's Consumer Helpline 0800 111 6768 or using the FCA's reporting form which can be found on their website [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart). If a shareholder has already invested in a scam, fraudsters are likely to target them again or sell their details to other criminals. The follow up scam may be separate or related to the previous fraud, such as an offer to get a shareholder's money back or to buy back the investment after they have paid a fee. Any concerns about a potential scam should be reported to the FCA immediately.

## Compass-group.com

The Investor section of the Company's website, [www.compass-group.com](http://www.compass-group.com) contains a wide range of information which is of use to shareholders including the date, time and place of the Company's 2023 AGM and documents related to the AGM; and other matters such as share price information; dividend history; share dealing; taxation; annual reports and regulatory announcements and statements.

# FORWARD-LOOKING STATEMENTS

Certain information included in this Annual Report and Accounts is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, the direct and indirect future impacts and implications of public health crises such as the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects; disruptions and inefficiencies in supply chains (such as resulting from the war in Ukraine); future domestic and global political, economic and business conditions (such as inflation or the UK's exit from the EU); projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments; risks associated with changes in economic conditions, levels of economic growth and the strength of the food and support services markets in the jurisdictions in which the Group operates; fluctuations in food and other product costs and labour costs; and prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward-looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements when making their investment decisions. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation or warranty that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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**Certification** Compass Group PLC:

Compass Group PLC Annual Report 2022

**Duration** 2022

**Name of organisation** Compass Group PLC

**Quantity of contractual instruments** 10

**Subject** Compass Group PLC: Compass Group PLC

Annual Report 2022

**Project information** Kulera REDD+ and Cookstoves, Malawi, VCS+CCB (10 tCO<sub>2</sub>e)

**Certificate number** CN20221110939

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The images in the Annual Report and Accounts are representative of the services provided by Compass Group PLC and its subsidiaries and partners. Some of the photography used in the Report has been taken prior to the COVID-19 pandemic.

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