Governance and leadership

Ian Meakins
Chair of the Board

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 2023. Throughout this and other parts of the Annual Report, we have sought to provide shareholders and other stakeholders with an insight into how our governance framework has supported our performance during the year.

Board changes, succession planning and talent pipeline

This year, as part of the ongoing succession planning process, the Nomination Committee undertook a comprehensive review of the composition of the Board, together with the succession plans for the Board and the Executive Committee and key roles in the Group's North America business. The review considered the tenure of the Board's non-executive directors and the skills and experience that will be needed in the future as directors retire, having served their term in office, and as the food services industry continues to evolve.

In May, the Nomination Committee recommended the appointment of Leanne Wood as a non-executive director to the Board. Leanne will stand for election at the forthcoming AGM in February 2024. More details of the appointment process and Leanne's induction are on page 94. The Committee also considered changes to the roles and responsibilities of some non-executive directors, and recommended these to the Board.

Following Gary Green's decision to retire and step down from the Board, as announced in September 2023, the Committee considered the appointment of his successor and also the appointment of a new Group Chief Financial Officer (CFO). I am pleased to report that our detailed succession planning processes ensured there was an exceptional pipeline of internal talent available, and this has enabled us to fill these two key Board positions with internal candidates. Carol Arrowsmith will retire from the Board at the conclusion of the 2024 AGM having served more than nine years on the Board. More details of all of these changes can be found in the Nomination Committee report on pages 94 and 95.

In the coming year, the Committee will continue to focus on succession planning for the Board and Executive Committee, ensuring there is a strong and diverse pipeline of future senior leaders.

Diversity, equity and inclusion

Across the Group, we continue to ensure the workforce is representative of the communities that Compass serves, and we are making promising headway. Information on the initiatives being implemented to drive positive change can be found in People on pages 32 to 37 and also on our website, www.compass-group.com.

At Board level, changes made in recent years reflect our aim for better gender balance and diversity in its broadest sense, and we will continue to advance this agenda. As set out on page 65, we have made good progress. At the date of this Report, 38% of directors are women versus 33% last year. In July, Anne-Françoise Nesmes succeeded John Bryant as Senior Independent Director, and three members of the Board are from a minority ethnic background. In the coming year, we hope to meet the target of having at least 40% of Board membership represented by women.

Audit tender process

This year was KPMG's 10th year as the Company's external auditor and, during the year, the Audit Committee conducted a competitive tender process for the role of external statutory auditor. Following the conclusion of the tender process, the Audit Committee recommended to the Board that the incumbent, KPMG LLP, be reappointed as the Company's external auditor. More detail about the audit tender process can be found in the Audit Committee report on pages 87 and 88.

Environmental, social and governance (ESG) matters

Throughout the year, the Board was kept up to date on the progress and effectiveness of the Group's ESG strategies. With regard to environmental matters, the Board and the Corporate Responsibility Committee have reviewed the Group's progress toward its climate net zero commitment, and closely monitored the developing sustainability disclosure landscape and reporting frameworks. On social matters, we reviewed plans to create lifetime career opportunities and to further improve the experience of employees in the Group, including initiatives designed to give back to and create value for the communities in which Compass operates. As part of the Group's continuing drive to improve its safety culture, the Corporate Responsibility Committee approved a move from the Lost Time Injury Frequency Rate (LTIFR) workplace health and safety performance measure, to the Total Recordable Injury Frequency Rate (TRIFR) performance measure for 2024, reflecting the continuing maturity of Compass' safety culture.

More detail on these matters can be found on in the Strategic report on pages 1 to 55 and on our website, www.compass-group.com.

Governance reforms

The Board and its committees continue to monitor developments in governance, particularly the proposed changes to the UK Corporate Governance Code 2018 and the proposed audit reforms.

Change in presentation currency

The Board approved a change in the Group's presentation currency from sterling to US dollars to take effect from 1 October 2023. More information can be found on pages 81 and 84.

Stakeholders

The Board values engagement with stakeholders. As set out on page 74, for practical reasons, most stakeholder engagement takes place between the Company's subsidiaries and their stakeholders at an operational level. Direct engagement between members of the Board and stakeholders is principally with employees and investors. However, the Board ensures that there are effective mechanisms in place to support the continuous flow of information between the Board, senior management and the wider organisation to enable the Board to understand the views of all our stakeholders.

Details of how the Board has oversight of stakeholders' interests, together with examples of how decisions taken by the Board have impacted stakeholders during the year, can be found on pages 74 to 79 and 81.

Board effectiveness

This year, we conducted an internal evaluation of the Board and its committees. The results of the evaluation concluded that the Board and its committees continue to operate effectively, and I am confident that we have an appropriate balance of capability, skills, experience and diversity on the Board to continue to do so. However, we are not complacent, and we have identified a number of priorities for the Board and its committees for the year ahead to help us continue to build on the progress we have made to date, and to contribute to the ongoing success of the Group.

Ian Meakins
Chair of the Board

20 November 2023

Compliance with the UK Corporate Governance Code 2018

Compliance statement

It is the Board's view that for the financial year ended 30 September 2023, the Company was compliant with the principles and provisions set out in the UK Corporate Governance Code 2018 (the Code) with the following exception. During the first three months of the financial year, the Company did not comply with provision 38 (alignment of executive director pension contribution rates with those available to the workforce). The Company has been compliant with provision 38 since 31 December 2022, when existing pension benefits for executive directors were aligned to the maximum rate available to the majority of the wider UK workforce.

For more information, please refer to page 115 of the Directors' Remuneration report.

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 Financial Conduct Authority's (FCA) 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.

This Corporate Governance report, together with the Directors' Remuneration report set out on pages 97 to 126, 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.

This Corporate Governance report on pages 56 to 126 and the Other Statutory Disclosures on pages 127 to 130, together with the Directors' responsibilities statement on page 131 and the Strategic report on pages 1 to 55, which make up the Directors' report have been incorporated by reference.

Board leadership and company purpose

Compass is led by an effective and balanced 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 56 to 81.

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 66 to 68.

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 93 to 96.

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 82 to 88.

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 97 to 126.

Board of Directors

Ian Meakins (67)
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 a non-executive director and Chair Designate of Unilever PLC.

Previous experience: Ian is a former non-executive Chair of Rexel SA and a 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.

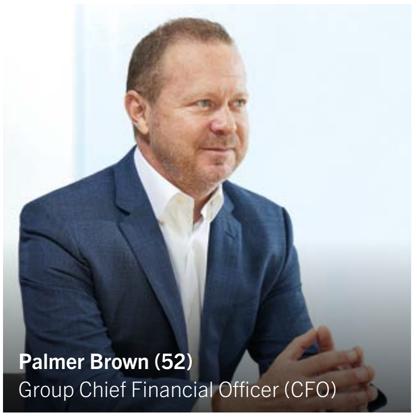
Dominic Blakemore (54)
Group Chief Executive Officer (CEO)

Appointment: Joined the Board in February 2012. Previously held the roles of Group CFO, Group Chief Operating Officer (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.



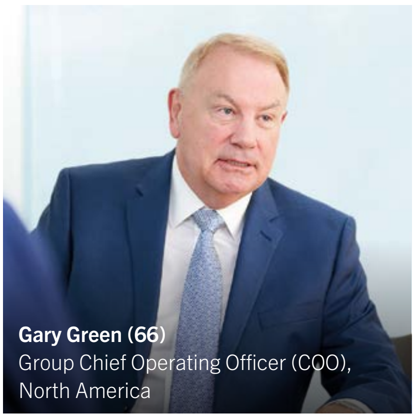
Palmer Brown (52)
Group Chief Financial Officer (CFO)

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: During his tenure, Palmer 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.



Gary Green (66)
Group Chief Operating Officer (COO), North America

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

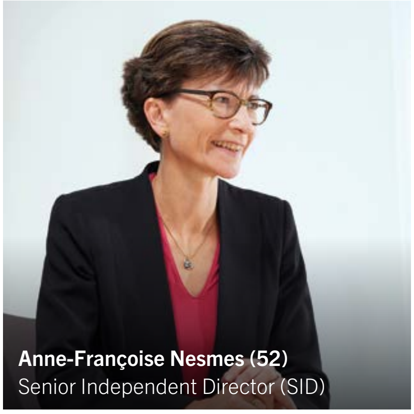
Key skills and competencies: Gary brings strong business and operational leadership, business development, and wide-ranging sales experience. Gary is a chartered accountant and has an honorary doctorate from Johnson & Wales University in the US.

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.

Committee membership key

- A Audit Committee
- C Corporate Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- Chair
- Senior Independent Director
- Designated Non-Executive Director for Workforce Engagement
- Secretary



Anne-Françoise Nesmes (52)
Senior Independent Director (SID)

A C N R

Appointment: Appointed to the Board in July 2018. Appointed Chair of the Audit Committee in February 2021. Appointed SID in July 2023.

Key skills and competencies: Anne-Françoise 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-Françoise 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.

Carol Arrowsmith (69)
Non-Executive Director

A C N R

Appointment: Appointed to the Board in June 2014.

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, a director of Arrowsmith Advisory, a non-executive director of Vivo Energy PLC and TMF Group Limited, and a member of the Advisory Group for Spencer Stuart.

Stefan Bomhard (56)
Non-Executive Director

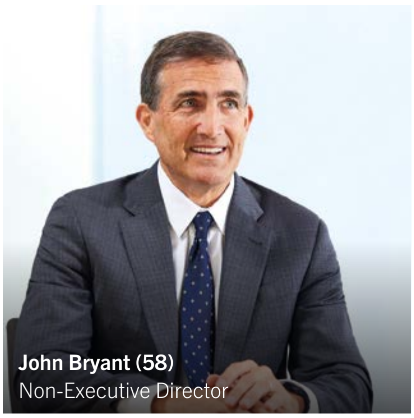
A C N R

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.



John Bryant (58)
Non-Executive Director

A C N R

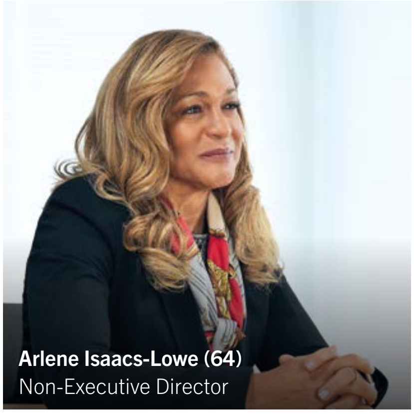
Appointment: Appointed to the Board in September 2018. Appointed Chair of the Remuneration Committee in February 2023.

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 Chair of Flutter Entertainment plc and non-executive director of Coca-Cola Europacific Partners plc and Ball Corporation.

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. John is also a former non-executive director of Macy's Inc.

Board of Directors continued



Arlene Isaacs-Lowe (64)
Non-Executive Director

A C N R

Appointment: Appointed to the Board in November 2021.

Key skills and competencies: Arlene brings over 20 years' executive experience in corporate social responsibility (CSR), 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., Financial Secretary of The Links Foundation, Incorporated and a 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. Arlene is a former member of the advisory board of Agbanga Karite LLC.

Sundar Raman (48)
Non-Executive Director

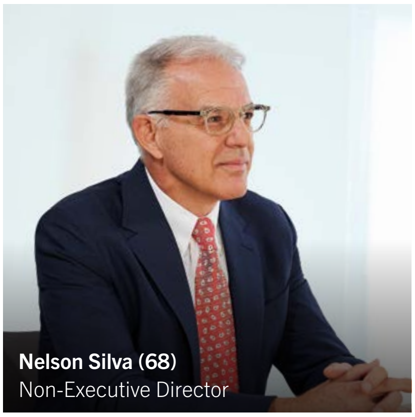
A C N R

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.

Previous experience: Sundar is 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. Sundar is a former Chair of the American Cleaning Institute, and a former member of the Board of the National Underground Railroad Freedom Center.



Nelson Silva (68)
Non-Executive Director

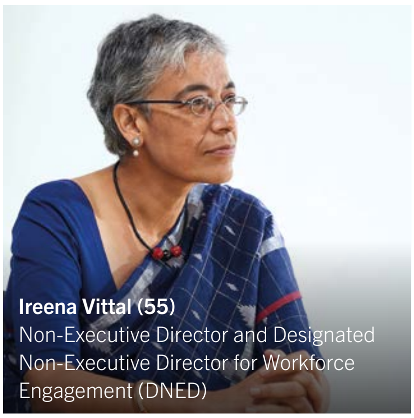
A C N R

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.



Ireena Vittal (55)
Non-Executive Director and Designated Non-Executive Director for Workforce Engagement (DNED)

A C N R

Appointment: Appointed to the Board in July 2015. Appointed Designated Non-Executive Director for Workforce Engagement in October 2019.

Key skills and competencies: Ireena 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 Asian Paints Limited, Diageo plc and Godrej Consumer Products Limited, and an independent director of UrbanClap Technologies India Private Limited.

Previous experience: Ireena is a former non-executive director of WIPRO Limited, Housing Development Finance Corporation Limited, 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. She was also previously Head of Marketing and Sales at Hutchinson Max Telecom and a partner at McKinsey and Company.

Committee membership key

- A Audit Committee
- C Corporate Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- Chair
- Senior Independent Director
- Designated Non-Executive Director for Workforce Engagement
- Secretary

Leanne Wood (51)
Non-Executive Director

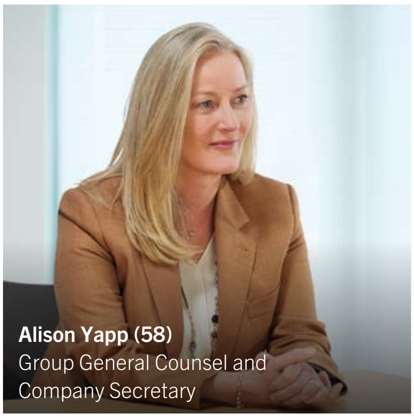
A C N R

Appointment: Appointed to the Board in May 2023.

Key skills and competencies: Leanne has a wealth of experience in people and organisational strategy and also has wider strategic and operational experience in global organisations, including in the food and beverage, retail and technology sectors.

Current external appointments: Leanne is Chief Human Resources Officer of Vodafone Group Plc and is the lead Vodafone non-executive director for Vodacom Group Limited, a publicly-listed company in South Africa.

Previous experience: Before joining Vodafone, Leanne was the Chief People, Strategy and Corporate Affairs Officer for Burberry Plc. Prior to that, she worked for Diageo plc for 15 years in a variety of roles, latterly as their Group HR Director. She has also worked in strategy and finance for Allied Domecq Plc, LEK Consulting and United Distillers. Leanne is a former non-executive director of The Go-Ahead Group Plc.



Alison Yapp (58)
Group General Counsel and Company Secretary

A C N R

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 30 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.

Directors' diversity of skills and experience

	CEO experience	Finance	Strategy and M&A	Remuneration	Health and safety	HR/people	Operations	Sales and marketing	Consumer goods and retail	Food and beverage	Art, culture and charity	Sustainability	Technology/ cyber-security
Ian Meakins	●		●		●		●	●	●	●			
Dominic Blakemore	●	●	●		●		●	●	●	●	●		
Palmer Brown		●	●		●		●	●	●	●		●	
Gary Green	●	●	●		●		●	●	●	●			
Carol Arrowsmith				●		●					●		
Stefan Bomhard	●		●		●		●	●	●	●			
John Bryant	●	●	●	●	●		●	●	●	●			●
Arlene Isaacs-Lowe		●	●			●		●				●	
Anne-Françoise Nesmes		●	●		●				●	●			
Sundar Raman	●		●				●	●	●				
Nelson Silva	●		●		●		●	●			●	●	
Ireena Vittal			●	●		●			●	●	●		●
Leanne Wood			●	●		●	●		●	●			

Board tenure

5 | 6 | 2

0-5 years | 5-10 years | >10

Board balance

1 | 3 | 9

Chair | Executive directors | Non-executive directors

Executive Committee

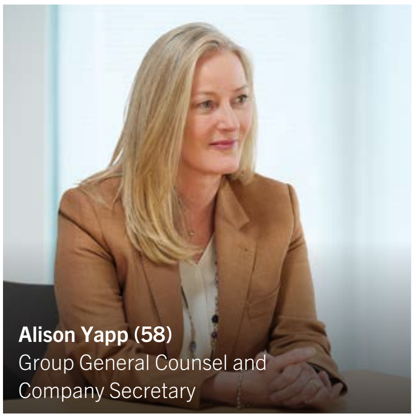

Dominic Blakemore (54)
Group Chief Executive Officer (CEO)

G

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.

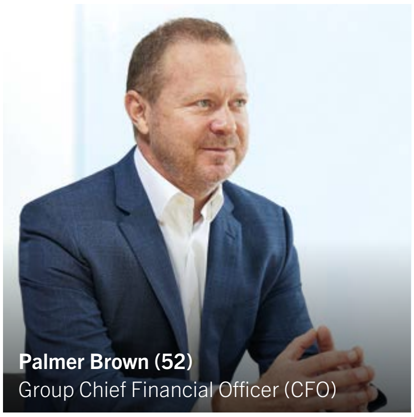

Alison Yapp (58)
Group General Counsel and Company Secretary

D
G

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 30 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.

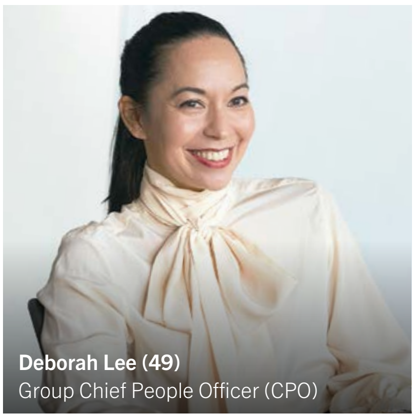

Palmer Brown (52)
Group Chief Financial Officer (CFO)

D
G
T

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: During his tenure, Palmer 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.


Deborah Lee (49)
Group Chief People Officer (CPO)

Appointment: Appointed to the Executive Committee as Group CPO 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. Deborah possesses a wealth of global experience, having studied and worked in the US, Europe and the UK.

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.

Committee membership key

D Disclosure Committee T Treasury Management Committee G General Business Committee

Gary Green (66)
Group Chief Operating Officer (COO), North America

G

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.

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 (48)
Group Chief Commercial Officer (CCO)

Appointment: Appointed to the Executive Committee as Group CCO 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.

Robin Mills (56)
Managing Director, UK & 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 (UK&I) 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 (48)
Regional Managing Director, Europe and the Middle East

Appointment: Appointed to the Executive Committee as Regional Managing Director Europe and the Middle East 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.

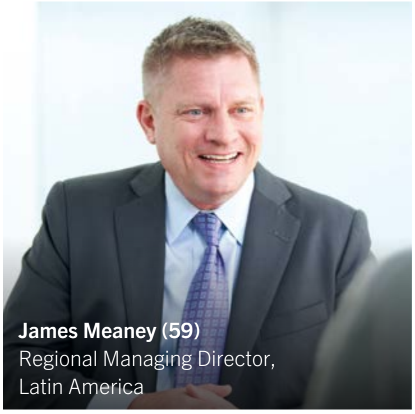
Previous experience: Kathinka joined Compass in 2012 as Operations Director for the Group's Norwegian business. In 2016, Kathinka was appointed MD of Norway and during her time in this role, she led the integration of one of the Group's largest acquisitions.

Prior to joining Compass, Kathinka's career included a number of senior roles, including Operations Manager at a Nordic facilities management company.

Executive Committee continued

Committee membership key

D Disclosure Committee T Treasury Management Committee G General Business Committee



James Meaney (59)
Regional Managing Director, Latin America

Appointment: Joined the Group and Executive Committee, and appointed Regional Managing Director Latin America in November 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 has 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 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 (50)
Regional Managing Director, Asia Pacific

Appointment: Appointed to the Executive Committee and as Regional Managing Director Asia Pacific 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 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. Gaétan holds an MSc in Management from Emlyon Business School.

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.

Group CFO with effect from 1 December 2023

Petros Parras (43)
Regional Finance Director, Europe and the Middle East

Appointment: Petros will succeed Palmer Brown as Group CFO on 1 December 2023 and will become a member of the Board of Directors and Executive Committee on the same date. Petros joined the Group in January 2020 and is the current Regional Finance Director, Europe and the Middle East.

Key skills and competencies: Petros has extensive financial, operational and portfolio transformation experience in large multinational businesses. He holds a BSc in Physics from Ioannina University and a PhD in Chemistry from Reading University.

Previous experience: Petros has been Regional Finance Director for Europe and the Middle East for just under four years where he has played a key role in the turnaround of the region, focusing on growth strategies, the operating model and core processes as well as the use of data analytics to drive better commercial outcomes.

Prior to joining Compass, Petros worked in fast-moving consumer goods businesses including Procter & Gamble, Reckitt Benckiser and Coty in Europe and North America in senior finance, operational and strategic roles.

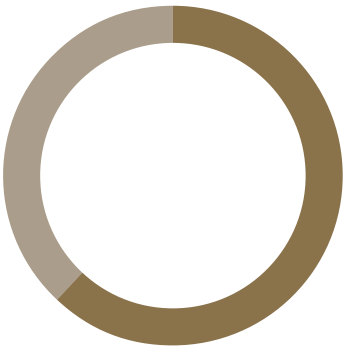
Diversity

Gender identity or sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	8	62%	3	6	60%
Women	5	38%	1	4	40%

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	10	77%	4	9	90%
Mixed/Multiple ethnic groups	–	–	–	1	10%
Asian/Asian British	2	15%	–	–	–
Black/African/Caribbean/Black British	1	8%	–	–	–

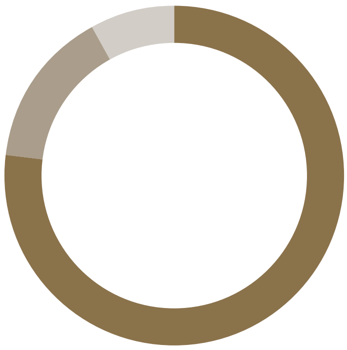
Board

Gender identity or sex



Men	62%
Women	38%

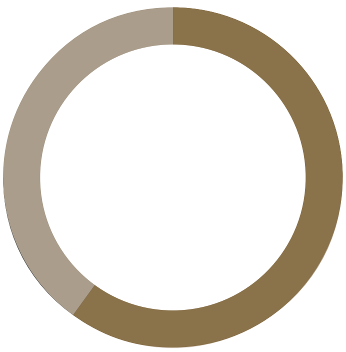
Ethnic background



White British or other white (including minority-white groups)	77%
Asian/Asian British	15%
Black/African/Caribbean/Black British	8%

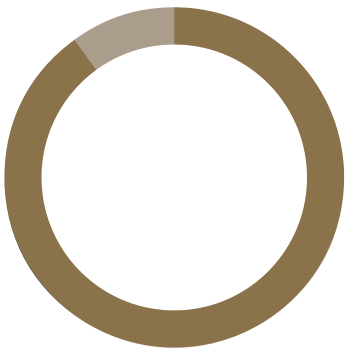
Executive Committee

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 table and graphics.

1. The information above is stated as at 30 September 2023.
2. The FCA's Listing Rules now set board diversity targets for listed companies that (i) at least 40% of the Board are women, (ii) at least one of the roles of CEO, CFO, Chair and SID is held by a woman and (iii) at least one director is from a minority ethnic background. Compass has met the targets for (ii) and (iii) but does not yet meet the target of 40% of the Board being women. During the year, the Company undertook a search for two new non-executive directors and took steps to ensure that a diverse pool of candidates was identified. As a result of the search, the Company offered roles to two female candidates but only one of those candidates accepted. The Company is continuing its search in the coming year and hopes to meet all the FCA's targets by the end of 2024.
3. Gary Green will step down as an executive director on 30 November 2023. Petros Parras will be appointed as an executive director from 1 December 2023. These changes will not affect the Board's gender identity/sex or ethnic background percentages shown above.

Governance framework

Board

The Board comprises the Chair, executive directors and independent non-executive directors, and their biographies can be found on pages 58 to 61. It is responsible for establishing the Group's purpose, values, strategies and objectives to generate and preserve value over the long term for shareholders and to contribute to wider society. It is assisted by four principal committees (Audit, Corporate Responsibility, Nomination and Remuneration), each of which is responsible for the matters delegated by the Board and set out in its own terms of reference.

Audit Committee

Responsible for the oversight of the Group's financial reporting and the effectiveness of the Internal and External audit functions.

See pages 82 to 88.

Corporate Responsibility Committee

Responsible for the oversight of the Group's corporate responsibility, people, health, safety and sustainability, ethics and integrity and stakeholder engagement strategies.

See pages 89 to 92.

Nomination Committee

Ensures the Board and the Executive Committee have the necessary balance of skills, experience and diversity to oversee and deliver the Group's strategy.

See pages 93 to 96.

Remuneration Committee

Determines the reward strategy for executive directors and senior management in the context of the wider workforce and ensures reward is aligned with shareholders' interests.

See pages 97 to 126.

A number of executive management committees have also been established: Executive, General Business, Treasury Management and Disclosure. These consider various matters for recommendation to the Board and its principal committees, or deal with day-to-day matters within the authority delegated by the Board.

The Executive Committee, led by the Group CEO, is responsible for day-to-day operational management and implementation of strategy.

The General Business Committee deals with general administrative matters on behalf of the Company within clearly defined limits delegated by the Board.

The Treasury Management Committee oversees the implementation of the treasury policies approved by the Board, while the Disclosure Committee oversees the disclosure of market-sensitive information and other public announcements (as necessary).

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 described in the Code of Business Conduct (CBC). 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 actively promote ethical standards to ensure they are maintained, and good governance is put into practice.

Key functions such as Legal, Finance, People, Ethics and Integrity and Internal Audit also promote and embed high 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
- retention rates

Ethics and integrity

- Internal Audit reports
- annual confirmation of compliance and pledge in respect of compliance with the CBC 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
- food waste reduction
- number of sites deploying food waste technology
- sustainable sourcing

Workforce engagement

The Designated Non-Executive Director for Workforce Engagement (DNED) provides a communication channel between the Group's workforce and the Board to ensure that the employee voice is represented in the boardroom. As part of a structured programme of engagement, the DNED, Ireena Vittal, held six roundtable meetings in the year with a diverse set of employees representing different sectors, countries and cultures. In addition, non-executive director, Arlene Isaacs-Lowe held two further employee roundtable meetings. The outcomes of the discussions were reported back to the Corporate Responsibility Committee. Read more about these workforce engagement sessions on pages 75 and 91.

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 to 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 24 to 30.

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 continues to create innovative, bespoke offerings tailored to the needs of clients and consumers. More details of Compass' business model and strategy can be found on pages 1 to 55.

Engagement with stakeholders

The Board ensures that the Company continues to operate in the best interests of its shareholders as a whole. In exercising its duty to promote the success of the Company, the Board also 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 and how the Board has oversight of stakeholder engagement is described on pages 74 to 79. The Company's Section 172 Statement can be found on page 80.

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.

Responsibilities of the Board continued

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 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 2023. 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 our website, www.compass-group.com

Role	Description
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 to understand their views on governance and performance against strategy
Independent Non-Executive Directors Independent non-executive directors meeting the independence criteria as set out in the UK Corporate Governance Code comprise more than half of Board membership.	– providing constructive challenge, giving strategic guidance, offering specialist advice and holding executive management to account – ensuring that no individual or small group of individuals can dominate the Board's decision-making
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: leading the Executive Committee and ensuring its effectiveness in managing the overall operations and resources of the Group; also 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 Supporting the Chair of the Board and ensuring 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 business in the US.

Overseas visits provide an opportunity to assess local management performance and potential, gain further insight into how the business works on a day-to-day basis and to speak face-to-face with local management to better understand the challenges they face and listen to their views.

By visiting operations, directors meet with a diverse group of colleagues including regional, country and senior management and high-potential employees on a more informal basis, which supports the succession planning process. The format of visits often comprises an overview of the country's macroeconomic environment and social trends, the 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, including its people and its three-year plan.

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

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. In addition, the non-executive directors attended a dinner without the executive directors present.

Board and committee meeting attendance table

	Board		Audit Committee		Corporate Responsibility Committee		Nomination Committee		Remuneration Committee	
	Eligible to attend[1]	**Meetings attended**	Eligible to attend[1]	**Meetings attended**	Eligible to attend[1]	**Meetings attended**	Eligible to attend[1]	**Meetings attended**	Eligible to attend[1]	**Meetings attended**
Carol Arrowsmith	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Dominic Blakemore	6	**6**	–	–	3	**3**	–	–	–	–
Stefan Bomhard	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Palmer Brown	6	**6**	–	–	3	**3**	–	–	–	–
John Bryant	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Gary Green	6	**6**	–	–	–	–	–	–	–	–
Arlene Isaacs-Lowe	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Ian Meakins	6	**6**	–	–	3	**3**	4	**4**	–	–
Anne-Françoise Nesmes	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Sundar Raman[2]	6	**5**	3	**2**	3	**2**	4	**2**	4	**2**
Nelson Silva	6	**6**	3	**3**	3	**3**	4	**4**	4	**4**
Ireena Vittal[3]	6	**5**	3	**3**	3	**3**	4	**4**	4	**2**
Leanne Wood[4]	2	**2**	1	**1**	1	**1**	2	**2**	2	**2**

1. Maximum number of meetings a member was eligible to attend.
2. Mr Raman was unable to attend due to unavoidable commitments that had been in place prior to his appointment, but provided his feedback on the papers to the Chair in advance of the meeting.
3. Mrs Vittal was unable to attend due to ill health, but provided her feedback on the papers to the Chair in advance of the meeting.
4. Appointed to the Board on 4 May 2023.

Board activities

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 2023 when they were updated to align to the amended treasury policies and to update the financial approval requirements following the change in presentation currency which is effective from 1 October 2023.

Full details can be found on our website, www.compass-group.com.

The Board had a full agenda during the year as set out in the table below:

	November	February	March	May	July	September
Purpose, strategy and implementation						
Group CEO's review including a business update covering financial performance, health and safety performance, ESG, people and cultural indicators, initiatives and performance	●	●	●	●	●	●
Group CFO's report including performance results and outlook, finance, treasury and tax initiatives	●	●	●	●	●	●
M&A and disposals, contract approvals and other capital expenditure	●	●			●	●
Strategy review including Group, regional and sector/forum updates and post-investment review, budget and three-year plan	●	●	●	●	●	●
Stakeholder engagement and shareholder analysis		●		●		●
Approval of change in presentation currency from sterling to US dollars (effective 1 October 2023)				●		
Risks						
Formal biannual material risk assessment				●		●
Governance						
Review of full-year results including going concern, viability statement, and final dividend	●					
Review of half-year results and interim dividend				●		
Trading update		●			●	
Approval of outcome of audit tender process				●		
Review of AGM Notice of Meeting	●					
Approval of corporate governance documentation	●			●		●
Approval of Board appointments/changes to directors' roles/responsibilities	●			●	●	●
Review of Committee minutes	●	●	●	●	●	●
Review of post-AGM Remuneration Report resolution statement		●			●	
Effectiveness						
Annual Board evaluation process and outturn				●	●	
Annual review and approval, and ad-hoc review and approval of directors' conflicts of interest				●	●	

At every meeting, the Board is briefed on aspects of the Group's strategic pillars: People, Performance and Purpose.

People

People are Compass' greatest asset. During the year, the Board and the Nomination Committee continued their focus on developing the Board's blend of skills and experience. The Board also continued its employee engagement efforts through a variety of means including roundtable meetings and site visits.

In March, the Board visited the Group's US business. During the visit, the Board attended the annual Envision Summit at the University of Miami. The Envision Group provides expertise and functional support to all operating sectors in the US, with a focus on growth, innovation and performance underpinned by sustainability.

At the summit, the Board and other delegates listened to presentations from business leaders, and toured stands showcasing frictionless technologies and brands which are being deployed by Compass to deliver quality food and hospitality experiences and a positive impact for the food system. Afterwards, the Board met with the senior North America leadership team and other delegates on an informal basis and listened to their perspectives.

In May, Leanne Wood joined the Board, building on the work already undertaken to broaden the diversity and capabilities of the Board. Leanne is the current Chief Human Resources Officer of Vodafone Group Plc and has extensive HR, strategic and operational experience. The Board fully supports management's ambition to create a diverse workforce and to increase female representation at senior levels in the organisation.

The role of the DNED is to provide an effective communication channel between the Group's workforce and the Board to ensure that the employee voice is represented in the boardroom. Ireena Vittal has been the DNED since 2019. This year, the Board approved the Nomination Committee's recommendation that Ireena's tenure in this role be extended until the conclusion of her term in office as a non-executive director. Details of the employee roundtables held by Ireena during the year together with the meetings held by her Board colleague, Arlene Isaacs-Lowe, can be found on page 75.

During the year, a number of the non-executive directors separately visited some of the businesses' operations in Australia, Portugal, Switzerland and the US. During the visits, the directors met with local management and toured client sites in the Business & Industry and Education sectors. These visits gave the non-executive directors the opportunity to engage with clients to understand what is important to them and why they choose to work with Compass. Time was also spent talking to front line employees and consumers and listening to their feedback. One director took the opportunity to assist the local team with operational tasks and to join a safety moment before service commenced for the day. These visits provided the directors with a first-hand experience of the Group's businesses, the challenges and opportunities facing them, and the views of stakeholders.

Regular reports from management, feedback from activities undertaken by Ireena Vittal and her Board colleagues and other initiatives have helped inform the Board's discussions and decision-making during the year. More information on our People initiatives can be found on pages 32 to 37.

Performance

Throughout the year, the Board monitored the Group's performance against the strategic framework and priorities, including M&A, global trends, and risks and opportunities. To assist it, the Board received regular reports from the Group CEO and the Group CFO, and presentations from each of the Group's Regional Managing Directors on regional performance. It also received 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.

In March, the Board reviewed the strategic plans for the Group. The Group's strategic priorities continued to be focused on organic growth across all sectors and geographies supplemented through disciplined M&A. The Board reviewed the addressable food services market analysed by region and sector together with the continued structural growth opportunities available to the Group, which were expected to deliver future revenue growth. The Board also reviewed the three strategic pillars underpinning the growth ambitions, namely People, Performance, and Purpose.

The Board receives reports from the Group CEO at every meeting on progress against the Group's strategy. In addition, the Board receives annual business updates from the regional management teams setting out progress against their regional strategic objectives.

At each meeting, the Board receives a report from the Group CFO setting out the financial performance of the regions and the Group in the latest period and for the year to date. The Board considers the key financial performance metrics, including revenue, organic revenue growth, operating profit and margin, operating cashflow and cashflow conversion. It also regularly reviews the financial outlook of the Group. Additionally, the Group CFO's report provides the Board with updates on tax and treasury matters, cyber-security arrangements and technology developments.

In September, the Board reviewed the Group's preliminary budget for the financial year ending 2024 and the three-year plan for 2024-2026. The Board reviewed the key financial metrics against the backdrop of an uncertain economic climate and elevated levels of inflation. The budget and the three-year plan were both approved in principle subject to final approval being given in November 2023.

Twice a year, the Board reviews the material financial and non-financial risks facing the Group's businesses, including new and emerging risks, and agrees the Group's principal risks at the half and full-year. It also considers the 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. The Board agreed that due to the escalating tensions in the Middle East and the ongoing Russia-Ukraine conflict, the trend for geopolitical risk should be elevated to reflect the year-on-year increase in risk. The Group's principal risks, and how these are managed, are set out on pages 24 to 30.

Board activities continued

The Board has also established processes for identifying emerging risks and horizon scanning for risks that may arise over the medium to long-term. The Board has identified artificial intelligence (AI) as an emerging risk as the democratisation of generative AI has given widespread access to powerful online AI services for content creation.

During the year, the Board conducted a post-investment review which sampled around 20 client contracts. The review considered the profiles of the contracts, including: annual revenues, capital expenditure and investment returns by sector and region, post-tax returns and contract ROCE, the performance of new and retained contracts versus the original business case, and proactive contract life cycle management designed to safeguard returns. The detailed post-investment review concluded that the Group's disciplined approach was creating shareholder value.

Following a recommendation from the Audit Committee, the Board approved a change in the Group's presentation currency from sterling to US dollars with effect from 1 October 2023. This will provide investors and other stakeholders with greater transparency over the Group's performance and will mitigate foreign exchange volatility on earnings, given that approximately three-quarters of the Group's underlying operating profit originates in US dollars.

The Board also received a presentation from chefs and culinary innovators from the Group's Global Culinary Forum. The Forum was created to bring together key culinary talent to collaborate and exchange ideas and share best practices by tapping into the rich seam of knowledge and unique insights from those at the forefront of the Group's businesses. The Board was keen to understand the progress being made by the Forum, which is helping to drive better commercial and sustainability outcomes. More information on our strategy and business model can be found on pages 1 to 55.

Purpose

At every meeting, the Board is briefed by the Group CEO on Purpose including up-to-date performance data on the Group's workplace health and safety and food safety metrics against the established limits set at the beginning of the year. It is also briefed on the progress being made on the Group's sustainability agenda, including the new food waste metric which was introduced at the beginning of the year, and social initiatives.

During the year, the Corporate Responsibility Committee monitored the adoption of food waste tracking technology in operations across the Group. Reducing food waste is one of the greatest environmental challenges facing our sector and therefore one where we have the greatest potential to make a significant difference. More information about our efforts to reduce food waste can be found on page 39.

In February, the Chair of the Board, together with the Group CEO, Group CFO, SID and Committee Chairs attended the 2023 AGM with the other directors participating online. The AGM is an important event in the Board's calendar where directors have the opportunity to listen to the perspective of shareholders, answer their questions and to meet with them on a more informal basis. At the 2023 AGM, shareholders asked questions about a wide range of topics including Compass' approach to the UK real living wage, job security, diversity, equity and inclusion, animal welfare and sustainability. In addition to the AGM, the Group CEO, Group CFO, other directors and senior managers also met regularly with investors as part of the Group's investor engagement programme, details of which can be found on page 76. The Remuneration Committee Chair also engaged extensively with investors during the year, and details of that engagement can be found on pages 97, 98, 103 and 104.

In November 2022, the Board considered and approved the Company's 2022 Modern Slavery Act (MSA) Statement which provides an update on the progress made in the last year to further develop Compass' approach to mitigating the risks of modern slavery in the Group's businesses and their supply chains.

The 2022 MSA Statement can be found on our website, www.compass-group.com.

The 2023 MSA Statement will be published on our website in December 2023. More information about the Group's Purpose can be found on pages 38 to 44.

Board administration

Information and support

All directors have access to the advice of the Group General Counsel and Company Secretary, who ensures that satisfactory 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, that Board papers are of a high standard, and that information is distributed in a timely fashion to allow directors to be suitably prepared in advance of meetings.

The Board has established a procedure for directors, if deemed necessary, to seek 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 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 improvement that have been identified. The details of this year's internal evaluation process can be found on page 96.

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 effectively. A formal, comprehensive and tailored induction is provided to all directors following their appointment, including external training, 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 advisers such as the Group's auditors, external legal counsel, remuneration advisers and internal subject matter experts, and have access to external training courses where appropriate. 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 a director, the Group General Counsel and Company Secretary facilitates this.

During the year, the directors participated in a training session delivered by the Group's sustainability team, the external auditor and the Company's external sustainability advisers, which focused on the evolving ESG landscape. The directors discussed the developing disclosure requirements under the EU Corporate Sustainability Reporting Directive and the International Sustainability Standard Board's first two sustainability reporting standards, together with recent TCFD developments. The training session also highlighted developments in the broader ESG landscape and the growing expectations of stakeholders.

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 listed company 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 managed. 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 2023. It also considered 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 35 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 for which country management are responsible and accountable. 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 the day-to-day operational management and implementation of Group strategy has been delegated to the Group Executive Committee, led by the Group CEO.

To enable the effective day-to-day running of the Group's businesses, the 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. As a result, stakeholder engagement primarily takes place at a local operational level, and the Board relies on local management to keep it informed of the impact of the Group's operations on its stakeholders.

During the year, the Board and the Corporate Responsibility 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 given on page 81.

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 print and social media
- collecting feedback from surveys
- hosting online events, podcasts and teaching kitchens
- utilising NPS (net promoter scores) in some markets

Areas of focus

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

Engagement in the year

- Sustainability Advisory Council with key Business & Industry clients in the Group's largest business in the US
- annual Stop Food Waste Day global activities, including a live event with 50+ clients in Portland, Oregon
- Chef Appreciation Week
- working as part of a global collaborative network for leading innovators in the food space
- developing custom solutions through consultation with clients
- webinars, roundtables, and factsheets on topical issues, including inflation and sustainability
- individual visits by non-executive directors to some of the Group's businesses where the directors directly engaged with clients
- UK Social Mobility client event in London
- Agro Food Park in Denmark
- Innovation Council with industry experts in the US and UK
- Global Eating at Work survey – consumer research conducted for engagement with clients

How the Board has oversight

The Board is kept informed of business performance by the Regional Managing Directors (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 provide further analysis of the client base. From these reports and those of the Group CEO and Group CCO, the Board forms a view of the interests of the clients of the businesses, ongoing client engagement activities, and what is important to clients.

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, sector and functional forums, townhalls, Speak Up, We're Listening reports, internal social media channels, and consultative bodies.

Areas of focus

- DE&I and wellbeing
- digital and technology
- proposed consolidation of the UK pension trust arrangements
- talent and progression
- executive remuneration

Engagement in the year

- engagement surveys in 19 countries, including a full engagement survey in the US, with over 140,000 responses received
- virtual townhalls
- roundtables with the DNED, Ireena Vittal, supplemented by roundtables held by non-executive director, Arlene Isaacs-Lowe
- Board and non-executive director visits to some of the Group's businesses where they engaged directly with front line employees
- DE&I Be the Difference conference in the US
- further leveraging the use of mobile apps to better connect with front line colleagues
- employee forums and virtual panel discussions, such as the People Happiness Forum held by Compass Middle East
- carbon literacy training for UK Foodbuy colleagues
- consultation with UK employees who are members of Compass' UK pension schemes and the UK Works Council (which includes representatives nominated by recognised trade unions) on the proposed merger of the UK defined benefit and defined contribution schemes

How the Board has oversight

The Group CEO, Group CFO, Group CPO and other senior executives hold townhalls and make presentations to update employees on the Group's strategy and performance, and on key initiatives such as the Group's climate net zero commitment. The townhalls include Q&A sessions for employees to ask questions about the Group's performance and the challenges and opportunities facing the business. A proportion of the time is also allocated during the sessions to celebrate the achievements of front line and other colleagues, who are able to share their experiences of working at Compass.

During the year, Ireena Vittal, the DNED, engaged directly with employees across the Group to understand their views and experiences of working at Compass, hearing what could be improved and taking feedback on our approach to remuneration.

Six roundtable meetings were held with employees from a variety of sectors, businesses and geographies across the Group as part of a structured programme of engagement designed and supported by the Group CPO. These roundtables provided the DNED 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.

DNED roundtables in 2023

- **6 February session, countries represented:** Australia, UK
- **7 February session, countries represented:** Canada, Finland, UK
- **8 May session 1, countries represented:** Australia, Colombia, UAE
- **8 May session 2, countries represented:** Belgium, USA
- **22 August session, countries represented:** India, Italy, USA
- **23 August session, countries represented:** Netherlands, Spain, USA

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 Corporate Responsibility Committee. The main themes arising from the roundtables included:

- the challenges faced by operations and functions in recruiting and retaining talent
- the importance of development opportunities for employees
- the positive sentiment about how Compass considers the wellbeing of its employees and the importance of maintaining focus in this area
- the sharing of best practices across different markets and businesses, which has been hugely beneficial and should continue to be encouraged
- continuing to focus on the development of unit managers

Two further employee roundtables were held in the year hosted by non-executive director, Arlene Isaacs-Lowe. The first session was held virtually when Ms Isaacs-Lowe met with colleagues representing the UAE, North America, and Türkiye. The second roundtable meeting was held face-to-face when Ms Isaacs-Lowe met with Black Ambassadors from the Group's UK&I business, in support of the UK&I's Black Future Month, one of a series of initiatives held during the year to recognise and promote opportunities available to the diverse communities of talent across the Group. These sessions provided an opportunity for black and ethnic minority colleagues to share their personal experiences of working at Compass and their views on the actions being taken by management to give a voice to, and inspire talent from, black and ethnic minority communities.

Feedback from employee roundtables, and output from the wider engagement activities, enable the Board to form a view of the interests of employees, what is important to them, and ongoing engagement activities. Some examples of how the Board has considered employees in its decision making are set out on page 81.

Stakeholder engagement continued

Shareholders

Why we engage

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

How we engage

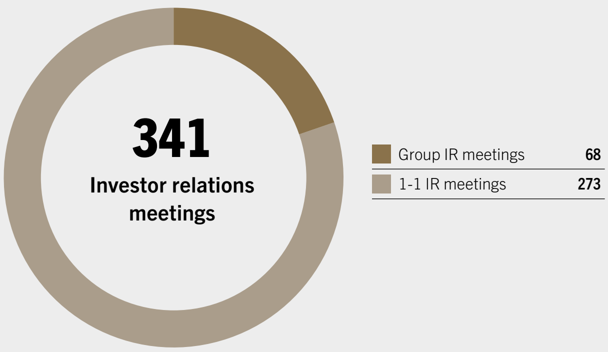
Compass engages with existing investors through one-to-one and group meetings, webcasts, presentations, conference calls and the Company's AGM.

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
- executive remuneration

Engagement in the year

During the year, as part of its proactive engagement programme organised by the Group's Investor Relations team, the Company held 341 meetings (virtually and in person), with representatives from 430 institutional investors through a mix of group and one-to-one appointments. Of these, 81 were attended by the Group CEO and/or Group CFO (2022: 71).



The Chair of the Board, the Remuneration Committee Chair and other members of the Group's management such as the Group General Counsel and Company Secretary, Group CPO, Group Reward Director and Group CCO, as appropriate, also engaged with investors on a wide range of matters including governance, people, remuneration and sustainability. The Company also held a virtual investor deep dive on sustainability, which was attended live by 86 institutional investors and sell-side analysts.

The 2023 AGM was held at Twickenham Rugby Football Union stadium. Shareholders were encouraged to submit questions in advance of the meeting. All questions and answers 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 Head 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 Head 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.

Consumers

Why we engage

Compass serves people safe and healthy food and drink, which improves learning and helps them work more productively 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
- through interactions with front line staff
- providing demonstrations through chefs' tables and in person
- executing global campaigns, e.g. Stop Food Waste Day
- 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
- eco-labelling
- behavioural change pilots promoting more sustainable and healthy diets
- real-time feedback through digital apps
- IGNITE – National Student Dining Advisory Board on college campuses that enables students across the US to come together virtually and to provide thought leadership on Compass' dining programmes
- Global Eating at Work survey – consumer research conducted for engagement with clients and consumers

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 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 presentations provided by the regional management teams and country Managing Directors.

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 data
- attending conferences with key suppliers and NGOs involved in supply chain monitoring
- via the implementation of Sedex

Areas of focus

- food safety and provenance
- workplace health and safety
- supply chain integrity
- human rights and modern slavery
- environmental impact
- inflation
- allergen and nutritional information
- ethical recruitment practices
- Business Integrity Policy

Engagement in the year

- plastic-free pilots with well-known soft drinks brands
- supplier collaboration to achieve sustainability commitments e.g. cage-free eggs
- roundtable participation with ethical suppliers e.g. Responsible Soy (RTRS), Sustainable Palm Oil (RSPO), Seafood Watch, and Global Coalition for Animal Welfare
- supplier conferences organised by Foodbuy in the US and the UK
- allergen and nutritional information
- Foodbuy Sustainability Hub (which won the Stakeholder Engagement award at the Footprint awards in the UK)
- Black, Indigenous and People of Colour (BIPOC) Farmer Program in North America
- Diverse Supplier Accelerator Program in North America
- dialogue with five farms within the UK&I business's supply chain that are part of the Soil Association Exchange programme

How the Board has oversight

The Board is kept informed about supply chain initiatives through the Corporate Responsibility Committee which receives reports from the Group CCO, 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.

Stakeholder engagement 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.

Compass aims to enrich the communities in which it operates and to minimise its impact on the environment. Our businesses operate in culturally diverse communities with differing characteristics and needs.

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 (the Foundation), we engaged with charities and community organisations in the US, UK, Türkiye, India, Australia, and Spain to fund inclusive job and training opportunities for under-privileged groups, as well as to empower local and SME suppliers.

Areas of focus

- fair employment and equal opportunities
- local causes and issues

Engagement in the year

The Foundation provided grants to a number of charities around the world, with Compass employees (where possible) volunteering their skills and expertise to amplify the Foundation's impact.

In India, the Foundation and the Indian business are partnering with the Sai Swayam Society to train young people with speech and hearing disabilities in hospitality, IT, life and soft skills, which has increased their confidence, self-esteem and, importantly, enabled them to secure positions in well-respected companies. Employees from Compass in India have visited the organisation's facilities to support with training activities and identifying job opportunities.

In Spain, the Foundation and our Spanish business are working with Fundación Integra to train women who have been victims of domestic violence, and to provide them with free access to a hospitality certification via Compass Group Spain's Women's Academy. Volunteers from Compass in Spain have provided training and tutoring to the women as they progress with the qualification.

In Türkiye, the Foundation and Compass' Türkiye business engaged with the Down's Syndrome Association (DSA) 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.

In the UK, the Foundation and our UK&I business are working with FoodCycle to recruit and train project leaders to undertake the running of community kitchens to support food security and tackle isolation. Compass UK&I chefs have been donating their time to upskill FoodCycle volunteers. In addition, the Foundation is working with the KERB social enterprise to provide opportunities for very early start food business owners, particularly those from less advantaged backgrounds, to access street food equipment and to trading at a market.

In the US, the Foundation and our US business are 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 resilience.

In Australia, Compass Group has partnered with Foodbuy Australia as well as Bridging the Gap Foundation (founded by Menzies School of Health and Science Research), which has been granted seed funding by The Compass Group Foundation to pilot a Nutritional Hunger Program (NHP).

The NHP aims to end nutritional hunger in remote Indigenous communities by co-designing a programme with local Indigenous community leaders to find solutions to get high-quality, nutritious food to Indigenous communities at reasonable prices.

During the year, further engagement took place with several other charities, with more projects due to be funded by the Foundation in 2024.

Beyond the Foundation, there are many instances of community engagement across the businesses, including:

- DelightFul week in the USA – 300 college campuses performing a million acts of kindness
- SoldierOn, an Australian organisation dedicated to supporting veterans and their families including a focus on creating employment opportunities and investing in mental health
- Mission to a Million – Compass Group UK&I's commitment to provide support to one million people by 2030 through jobs, training, community engagement and development

How the Board has oversight

Community engagement is primarily achieved though liaison with local organisations and representatives and via initiatives that are sensitive to cultural differences. The Board is kept informed of such activity through the Corporate Responsibility Committee, which receives regular reports from the Group CCO and the Sustainability team, and through the presentations given to the Board by the regional and country management teams.

Non-governmental organisations

Why we engage

Compass engages with non-governmental organisations (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 the Group's businesses.

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
- food waste

Engagement in the year

- our US business integrated analytics data from its non-profit partner, ReFED, in the Waste Not 2.0 dashboard to report the environmental impact of food waste being generated at its sites
- our US businesses presented at the ReFED Food Waste Solutions summit in the US including endorsing Stop Food Waste Day
- our US business co-created case studies with ReFED on behavioural changes to reduce consumer food waste in the US
- World Business Council for Sustainable Development workstreams, plus Asia Pacific culinary training programme
- our US business participated in the Food Tank Chief Sustainability Officer roundtable
- our US business is a founding member of and annual presenter at Menus of Change in the US
- our global procurement team held regular dialogue with animal welfare NGOs
- our UK business worked in partnership with WRAP, a climate action NGO, to support various Courtauld working groups, including: UK Agri Forum, Supply Chain GHG, Hospitality and Foodservice (food waste and plastics)
- our Canadian business created Forward Food menus, in conjunction with Humane Society International
- our US business worked in partnership with the World Resources Institute as part of The CoolFood Pledge
- our US business worked in partnership with Single-Use Material Decelerator to create a packaging scorecard (now used globally within Compass)

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 Corporate Responsibility Committee receives reports from the Group CCO, the Group Sustainability team, and the Group Director for Employment, Equity and Social Impact on key areas of focus, such as climate change, farm animal welfare and human rights.

Governments and regulators

Why we engage

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

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 UK FCA's consultation on audit and corporate governance reform
- UK&I business engagement with the UK Cabinet Office, including its public sector sourcing industry forum covering changes to public procurement legislation, and joint development of sourcing playbooks
- UK&I business engagement with the UK Department for Environment, Food and Rural Affairs (DEFRA) Food Data Transparency Partnership, consultations on Government Buying Standards for Food Waste reporting, Extended Producer Responsibility (packaging), and the proposed Deposit Return Scheme
- UK&I Managing Director's membership of the UK Government's Food and Drink Sector Council (DEFRA secretariat)

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 Group and its businesses. In addition, the Board receives updates from the regional and country Managing Directors on relevant developments in their businesses.

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.

The table below sets out the areas of this Report which demonstrate how the directors have had regard to their Section 172 responsibilities.

Section 172	Find out more
(a) the likely consequences of any decision in the long term	– Strategic report: pages 1 to 55 – Consideration of stakeholder interests: page 81
(b) the interests of the company's employees	– Chief Executive's review: page 10 – Strategic framework and our business model: pages 4 to 6 – Stakeholder engagement: page 75 – People: pages 32 to 37 – Consideration of stakeholder interests: page 81 – Remuneration Committee report: page 98 – Ethics and integrity: pages 13 and 14
(c) the need to foster the company's business relationships with suppliers, customers and others	– Strategic report: pages 1 to 55 – Stakeholder engagement: page 77 – Consideration of stakeholder interests: page 81
(d) the impact of the company's operations on the community and the environment	– Strategic report: pages 1 to 55 – Stakeholder engagement: page 78 – TCFD report: pages 45 to 54 – Consideration of stakeholder interests: page 81 – Purpose: pages 38 to 44
(e) the desirability of the company maintaining a reputation for high standards of business conduct	– Risk management: pages 24 to 30 – Consideration of stakeholder interests: page 81 – Audit Committee report: page 84 – Ethics and integrity: pages 13 and 14 – Safety culture: page 12
(f) the need to act fairly as between members of the company	– Strategic report: page 8 – Stakeholder engagement: pages 74 to 79, and 103 to 105 – Consideration of stakeholder interests: page 81 – Remuneration Committee report: pages 103 to 105

The above Statement on Section 172 of the Companies Act 2006 is incorporated by reference into the Strategic report on pages 1 to 55.

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 some of its decision-making processes during the year.

Key decisions

Shareholder returns

The Board recognises the importance of shareholder returns and, during the year, rewarded shareholders by recommending a final dividend of 22.1 pence per share for the financial year ended 2022, and approving an interim dividend of 15.0 pence per share for the financial year ended 2023. The Board also approved share buybacks of £1 billion (£250 million in H1 and £750 million in H2) in the year under review.

In its deliberations, the Board considered the Group's strong financial performance in the financial year ended 2022 and in the first six months of the 2023 financial year, including its cash position and distributable reserves, together with its stated dividend policy and capital allocation model, as set out on pages 6 and 20. The Board also considered shareholders' views and the impact of the dividend payments and share buybacks on the Group's UK defined benefit pension scheme. The Board concluded that approval of the dividends and the share buybacks were in the best interests of the Company and its shareholders as a whole and that there was no material impact on the UK pension scheme in light of its current surplus.

Stakeholder impact:

Shareholders People

Presentation currency

The Company announced with the half-year results in May 2023, that it would change its reporting currency from sterling to US dollars with effect from 1 October 2023.

In coming to that decision, the Board carefully considered the relative merits of such a change and the impact for shareholders. The Board concluded the change in presentation currency was in the interests of shareholders and other stakeholders and would provide them with greater transparency of the Group's performance and reduce foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars.

Stakeholder impact:

Clients People Shareholders

Consumers Suppliers Communities

NGOs Governments and regulators

Capital expenditure

During the year, the Board considered capital expenditure requests from the Group's North America business in connection with the implementation of Enterprise Resource Planning (ERP) software to replace in-unit accounting systems which had reached the end of life.

Before arriving at its decision, the Board considered the benefits and challenges of implementing the new ERP software, noting that it would help: simplify operational processes; create business efficiencies (e.g. automate contractual billings and payments; automate vendor invoice processing and workflow management, and reduce manual journal entries); and improve data accuracy and the overall control environment.

The Board noted that the ERP software had been piloted at two large and complex Education sites with the purpose of testing and validating the operation of ERP software in live units, validating the assumed risks of significant process changes, and to inform the requirements for scaled deployment.

The Board approved the capital expenditure requirements on the basis that it would strengthen and improve operational and organisational processes, which was beneficial to the Group's North America employees, clients and suppliers.

Stakeholder impact:

People Clients Suppliers

Audit Committee report

Anne-Françoise Nesmes
Chair of the Audit Committee

Governance

Anne-Françoise Nesmes was appointed Chair of the Audit Committee in February 2021 and is the serving Chief Financial Officer of Smith+Nephew PLC. She 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.

Committee membership comprises the Chair of the Committee and all of the non-executive directors (other than the Chair of the Board). 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 can be found in the biographies on pages 59 to 61. The Board considers each member of the Committee to be independent in accordance with the criteria 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, as well as the effectiveness of the risk management and internal control systems.

Members of the Committee are appointed by the Board following recommendation by the Nomination Committee. The Committee meets at least three times a year. The quorum for a meeting is two members. The Committee held three meetings during the year. The meetings attendance table can be found on page 69. 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 that might be raised on the Committee's activities.

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 Financial Planning & Analysis, Group Director of Risk and Internal Audit, Group Chief Information Officer (CIO), Group Head of Tax, Group Head of Ethics and Integrity (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 meetings of the Committee. 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. The terms of reference of the Audit Committee are reviewed annually to ensure they continue to be fit for purpose. They were last reviewed in September 2023. The review concluded that the terms of reference of the Committee in their current form continue to reflect best practice.

A copy of the terms of reference can be found on our website, www.compass-group.com.

The Committee has an annual agenda which is aligned to the terms of reference and key events in the Company's financial calendar. The agenda is flexible enough to include additional topics of particular importance to the Committee and to allow it to respond to emerging issues.

Committee activities during the year

The Audit Committee is responsible for monitoring the integrity of the Company's and the Group's published financial statements and related disclosures; and for assessing any formal announcements relating to the Group's financial reporting matters, as well as key accounting and audit judgements related to the preparation of the Company's and the Group's financial statements. The Committee's other responsibilities include:

- reviewing the adequacy and effectiveness of the risk management and internal control systems, including the Group's key internal controls over financial reporting and IT controls framework, and providing assurance to the Board
- reviewing the going concern and viability statements
- 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. In the year, this included primary responsibility for a formal statutory audit tender process
- 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
- 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

The key priorities of the Committee during the year under review are described in the pages that follow.

Financial reporting and accounting matters

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 2023 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 key performance indicators (KPIs)
– consideration of the potential implications of the UK BEIS White Paper: *Restoring Trust in Audit and Corporate Governance* and the Financial Reporting Council's (FRC) consultation on the UK Corporate Governance Code

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
Carrying value of goodwill 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 Group tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 Impairment of Assets, based on the most recent budgets and plans that have been formally approved by management. The recoverability of the carrying value of goodwill involves the use of assumptions, including operating cash flow forecasts, long-term growth rates and discount rates. The Committee reviewed the key assumptions used to assess the recoverability of goodwill, including the higher discount rates caused by the increases in market interest rates in the year, 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.
Tax 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 direct 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 disclosures on contingent tax liabilities. KPMG, the external auditor, reported on significant provisions to the Committee. Based on the above, the Committee was satisfied that the level of tax provisioning and tax disclosures for the Group remained appropriate.
Strategic portfolio review The Group has continued its strategic portfolio review of non-core activities to allow the focus of its resources on its core operations, which in the year resulted in the exit from several countries, including Central and Eastern Europe (Czech Republic, Hungary, Slovakia and Romania), and the sale of a business, site closures, and contract renegotiations and terminations in the UK.	The Committee considered the accounting consequences of the ongoing strategic portfolio review. This included the derecognition of assets and recoverability of deferred consideration for exited business. In relation to the review of non-core activities in the UK, the Committee reviewed the key judgements made by management, including provisions for impairment made in respect of ongoing obligations for closed sites, and for the related contract negotiations and terminations. The external auditor reported on these matters to the Committee. The Committee was also satisfied with management's disclosure of the charge outside underlying operating profit on the basis that it was a material, unusual item and did not arise in the ordinary course of trading.
Post-employment benefits The Group's defined benefit pension schemes are assessed half-yearly 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 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.
Going concern and viability The going concern and viability statements were reviewed in detail.	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 2023 Annual Report and Accounts to determine whether it considers the Annual Report and Accounts, 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 during the year 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.

Presentation currency

During the year, the Committee was updated on the proposal to change the Group's presentation currency from sterling to US dollars from 1 October 2023 so as to provide greater transparency of the Group's performance and to reduce foreign exchange volatility. The Committee also noted the planned timeline for implementation and reviewed the approach and the implementation plan. Additionally, the Committee considered the external reaction to the change, including communications. Having considered these matters, the Committee recommended the change of presentation currency to the Board for approval.

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; the identification of any changes to principal risks including the impact of macroeconomic and elevated geopolitical factors; and emerging risks such as the development of generative artificial intelligence (AI), and the actions taken to mitigate these risks; the findings from internal audits, and the status of resultant actions agreed with management
- reviewed and approved the internal audit plan for 2024 and monitored delivery of the 2023 plan
- reviewed the resources, terms of reference and effectiveness of the Internal Audit and Risk Management function
- reviewed 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), including arrangements for investigating such matters
- received presentations from the Group Head of E&I in relation to 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 inquiries
- received updates on the activities of the Regional Governance Committees
- received updates in relation to cyber-security arrangements
- considered the assurance provided over the implementation of new enterprise resource planning (ERP) systems in the Group in the US and Europe

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.

Management have defined a set of key internal controls over financial reporting which must be complied with by all countries. During the year, these key internal controls over financial reporting have been updated by the Group Financial Control team to ensure compliance with best practice, regulations and standards. These updates were reviewed by the Committee. Compliance with the key internal controls over financial reporting is tested by Group Internal Audit annually for the Group's top 10 countries and on a rotational basis for other countries, and the results are reported to the Committee.

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 24 to 30.

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 and considers 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 operate effectively and provides 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, with individual updates being given to the Committee, as needed, in more serious cases. The Group's new Business Integrity Policy (BIP) and recently refreshed Code of Business Conduct (CBC) strictly prohibit any involvement in theft or fraudulent activities whatsoever. The BIP sets out the expectations for risk assessing, reporting and documenting any fraud, in accordance with local requirements, and the Speak and Listen Up Policy. It also sets out how allegations and incidents are to be followed up such as through investigations conducted by Internal Audit, E&I or Legal teams. Fraud and theft reports are consolidated at Group level, and feed into the regular updates presented to the Committee.

The Corporate Responsibility Committee oversees the continued development of the Group's overall E&I 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 E&I's pledge and declaration. More information on the CBC, and the Speak Up, We're Listening programme is set out on pages 13 and 14.

The CBC is available on the Company's website, www.compass-group.com/en/who-we-are/ethics-and-integrity

Information systems and cyber-security risk

Information systems and cyber-security risk continues to pose a threat to the Group and remains a principal risk. The Committee received reports from the Group CIO 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.

In November 2022, the Committee reviewed IT systems back up and restoration, crisis management and phishing benchmark data, and the Group CIO briefed the Committee on the resilience of the Group's technology estate. The briefing provided the Committee with a more detailed overview which included business continuity, the IT control framework, cyber insurance, public cloud resilience and the arrangements to protect information assets of the greatest value to the Group. The Committee reflected on the arrangements in place and the steps taken to further enhance the Group's resilience capabilities, and its ability to respond to cyber-attacks and noted the priorities for 2023.

At its meeting in May 2023, the Committee considered examples of IT security incidents that had occurred in the Group's businesses together with the preventative measures and subsequent actions taken to limit the impact on operations. The Committee was also briefed on the outcome of a proactive ethical hacking exercise that had been conducted in conjunction with its cyber-security providers and advisers in over half of the Group's top 10 countries in order to identify potential weaknesses. The Committee was advised that the exercise had identified some operational weaknesses which had been addressed and the solutions validated by the Group's independent external adviser to ensure that the remedial actions had been appropriately implemented. The Group's proactive efforts to limit exposure to phishing attacks were also discussed, including the roll out of additional technology, implementation of regular phishing simulations to help educate colleagues, the annual Cyber Awareness Week, and ongoing weekly advocacy messages from 'cyber champions' across the Group's businesses.

At each meeting during the year, the Committee received updates from management in relation to the implementation of the ERP systems in Europe and North America.

In Europe, an ERP system is being introduced as part of a business transformation programme designed to improve consistency, efficiency and the working lives of unit managers and colleagues through the implementation of common data, processes and systems across finance, operations and procurement. The Committee reviewed with management the governance structures around the programme, the quality assurance plan focused on key risks, and the outcomes of assurance audits timed to inform key decisions. The Committee also monitored the progress of the roll out of the system and considered the output of post-implementation project validation and migration reviews.

In North America, a similar programme is being implemented to introduce an ERP system to simplify processes, create efficiencies and help improve data accuracy. The Committee reviewed and challenged the proposed governance and assurance arrangements around the programme to ensure that both the programmes were closely aligned and that lessons learned from the implementation in Europe were used to benefit the North America programme. The Committee monitored the progress focusing on timeline, costs and benefits, together with programme controls and assurance.

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 are 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 year, the Committee monitored the performance of Internal Audit. The Committee reviewed and approved the Group's annual internal audit plan. The plan is designed with reference to the Group's principal risks. Further information on the principal risks is available on pages 26 to 30. The Committee receives regular updates on progress against the plan and Internal Audit's findings, together with management actions taken to address recommendations.
The Committee recognises that IT risks and technology complexity have increased significantly in recent years due to cyber-security threats, data privacy regulations, IT governance and AI, and has supported the expansion of the Internal Audit function with the addition of IT audit capability.

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 and 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.

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 2022 had been fulfilled, and the reasons for any variation from the plan.

The Committee is committed to ensuring that Compass receives a high-quality and effective external audit. The Committee assessed the 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 2023 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.

The Committee also considered how and to what extent 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 and accounting consequences of the ongoing strategic portfolio review. 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 132 to 143.

The review also included a formal evaluation process covering several 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 the KPMG LLP audit) completed questionnaires.

A detailed report on KPMG's audit quality and effectiveness was presented to the Committee at its meeting in May 2023. The findings were considered and opportunities for improvement were discussed with KPMG. In summary, the Committee concluded that the external audit process continued to be of a high quality and remained 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 periodically 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. The audit of the 2023 Annual Report and Accounts will be Mr Walji's final audit for Compass Group PLC. Mr Walji will be succeeded by Mr Jonathan Downer as the Senior Statutory Audit Partner.

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 concerns. 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.

Non-audit fees

The Company operates a policy on non-audit-related 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 level of non-audit work which the external auditor can perform, to ensure that any provision of non-audit services falls within the scope of the agreed Non-Audit Work Policy and does not impair the external auditor's objectivity or independence. The Group's policy on non-audit services is aligned with 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 exceeding these limits.

Audit fees paid in the year

The total fees paid to KPMG in the year ended 30 September 2023 were £8.0 million, of which £0.3 million related to non-audit work (2022: £7.1 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 FRC'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, and comfort letters in respect of government support schemes and comfort letters for the annual extension of the Euro Medium Term Note programme. 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 adversely impact its integrity, objectivity or independence. Further disclosure on the non-audit fees paid during the year can be found in note 3 on page 156.

Statutory audit tender process

In accordance with its terms of reference and regulatory requirements, the Audit Committee ensures that at least once every 10 years the external audit services contract is put out to tender. The Committee is responsible for the selection and appointment of the external auditor. It initiates and conducts any competitive tender process undertaken by the Company for the provision of external audit services and considers and makes recommendations to the Board, to be put to shareholders for approval at the Company's AGM.

The Committee confirms that for the year under review the Company 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. KPMG LLP was initially appointed as the Company's external auditor in March 2014, succeeding Deloitte LLP. KPMG's audit for the year ended 30 September 2023 is therefore its 10th year, and as a result, Compass was required to complete a formal tender process for a new auditor in advance of the audit for the financial year ending 2024.

Summary of the statutory audit tender process

Compass announced its intention to commence a formal audit tender process in its 2022 Annual Report and that the outcome would be announced in due course, with a recommendation to be made to shareholders at the 2024 AGM.

The Audit Committee has primary responsibility for the audit tender process. At its meeting in September 2022, the Committee agreed the stages of the process, timeline, and selection criteria.

The Committee's key objectives throughout the tender process, and in making its recommendation to the Board, was to ensure that Compass appointed an audit firm that would provide a high-quality, effective audit.

To ensure an effective and efficient tender process, the Audit Committee established a Sub-Committee comprising the Audit Committee Chair, and two other Audit Committee members, John Bryant and Arlene Isaacs-Lowe (the Sub-Committee), to meet with the candidate firms to consider the tender submissions and to receive presentations from them. The Sub-Committee was supported by the Group CFO, the Group General Counsel and Company Secretary, and the Group Financial Controller who was responsible for coordinating the audit tender process. The Committee was kept up to date throughout the tender process by the Chair of the Committee.

The timeline of the process, which started in October 2022 (well in advance of the last possible date to ensure a wider choice of audit firms and partners), is set out below. The process was managed in such a way as to allow adequate time to consider the merits of the proposals of the candidate firms and recommend the preferred firm to the Board for appointment in advance of the commencement of the audit for the financial year ending 30 September 2024.

Year	Month	Action
2022	October	– request for proposal issued
	November	– introductory meetings between Sub-Committee, key management and candidate audit firms
	December	– data room available to candidate audit firms
2023	February	– meetings between Sub-Committee, key management and candidate audit firms
	April	– audit proposals submitted to Compass – presentations to the Sub-Committee and key management
	May	– Audit Committee recommendation to the Board and Board approval

At the outset, before the request for proposal (RFP) was issued, the Audit Committee considered the FRC's requirement for mid-tier external audit firms to be invited to tender for FTSE 100 audits. After careful consideration, the Committee concluded that those firms did not have a genuine prospect of success in the tender because they did not have the global reach and depth of experience to achieve a high-quality audit for a group of the scale and complexity of Compass. The Committee therefore concluded that only the 'Big Four' firms had the global reach and depth of experience to provide the appropriate level of audit services to Compass.

Of the 'Big Four', two firms did not participate in the tender process. The first of these was considered to be conflicted due to the services it provides in relation to cyber security and tax advice, and the second declined to participate. Invitations to submit tender proposals were therefore extended to the two remaining 'Big Four' firms, which included the incumbent.

Written responses to the RFP were assessed by the core team against the following criteria:

- audit quality
- audit approach, scope, and methodology
- the lead engagement partner
- the engagement team: specifically, experience of working effectively together; technical accounting knowledge and, where relevant, experience of transitioning an audit
- sector and global plc experience and understanding
- approach to resolving issues or matters of judgement
- sustainability credentials
- independence
- audit innovation
- global coordination and communication
- fees

Audit Committee report continued

Outcome of statutory audit tender process

As described above, the two firms provided a written response to the tender RFP and presented their proposals to the Sub-Committee at meetings also attended by the Group CFO, Group General Counsel and Company Secretary and Group Financial Controller in April 2023. This provided an opportunity to explore the areas within the selection criteria, and to assess the quality of the key members of the candidate audit teams.

The Sub-Committee considered the tender submissions and presentations from the audit teams and the extent to which they met the selection criteria.

The Sub-Committee agreed both proposals would deliver a quality external audit. Overall, the Sub-Committee concluded the incumbent was its preferred candidate due to the strength of the wider team, and significant understanding and tailored approach to the audit of the Group.

The Sub-Committee recommended to the Audit Committee that KPMG LLP be reappointed for up to 10 years in accordance with relevant legislation and regulations. The Audit Committee supported the Sub-Committee's recommendation.

At its meeting on 4 May 2023, the Board approved the Committee's proposal to reappoint KPMG LLP as statutory auditor of the Company for the financial year ending 30 September 2024, subject to shareholder approval.

There are no contractual obligations that restrict the Committee's choice of auditor, the recommendation is free from third-party influence and no auditor liability agreement has been entered into.

KPMG has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing KPMG LLP's appointment and the determination of its remuneration by the Audit Committee will be proposed at the 2024 AGM.

The Committee would like to thank both firms for their professionalism and the quality of their submissions.

Corporate governance reform

During the year, the Committee received regular updates from management and the external auditor on developments in relation to the FRC's consultation on a new UK Corporate Governance Code and other legislative changes. In particular, the Committee received briefing notes on the consultation in general, and the proposed introduction of an Audit and Assurance Policy under the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023.

The Committee considered management's plans to respond to these evolving requirements, including updates to the key internal controls over financial reporting.

Subsequently, the Committee noted that the UK Department of Business and Trade (DBT) has withdrawn the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023 and the FRC has withdrawn certain proposed changes to the Code, which were part of the package of measures to implement the UK Government's audit and corporate governance reforms. The Committee will continue to monitor developments in this area.

Committee evaluation

The priorities set by the Committee as a result of last year's external evaluation process were:

- 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 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.

2023 evaluation

During the year, an internal evaluation of the effectiveness of the Committee was conducted as part of the wider evaluation of the Board and its committees.

Details can be found on page 96.

The evaluation concluded that the Committee continued to operate effectively.

The Committee will continue to focus on the following areas:

- audit and governance reforms including assurance over non-financial reporting; and
- ESG and climate net zero disclosures

These matters, together with the regular work of the Committee, will inform the Committee's agenda for the coming year.

Anne-Françoise Nesmes
Chair of the Audit Committee

20 November 2023

Corporate Responsibility Committee report

Nelson Silva
Chair of the Corporate Responsibility Committee

Governance

Nelson Silva was appointed Chair of the Corporate Responsibility (CR) Committee in February 2017. Membership of the Committee comprises the Chair of the Committee and all the independent non-executive directors, the Chair of the Board, the Group Chief Executive Officer (CEO) and the Group Chief Financial Officer (CFO).

Biographies of Committee members can be found on pages 58 to 61. Members of the Committee are appointed by the Board following recommendation by the Nomination Committee.

The Committee meets at least three times a year. The quorum for a meeting is two, one of which must be an independent non-executive director. The Committee held three meetings during the year. Meeting attendance can be found in the table on page 69.

The Chair of the Committee reports to the Board on Committee activities and 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. Other individuals, such as the Group Chief Commercial Officer (CCO), the Group Chief People Officer (CPO), Group Head of Ethics and Integrity (E&I) 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. Other members of senior management are invited to present such reports as are required for the Committee to discharge its duties.

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 they continue to be fit for purpose. They were last reviewed in September 2023. The review concluded that the terms of reference continue to reflect best practice.

A copy of the terms of reference can be found on our website, www.compass-group.com.

Committee activities during the year

The Committee is responsible for overseeing, monitoring and making recommendations to the Board on the development, implementation and effectiveness of the Group's People, Corporate Responsibility, Health, Safety and Sustainability (including climate change), E&I, and Stakeholder Engagement strategies. Examples of the Committee's activities across these key themes during the year are set out in the pages that follow.

Health and safety

The health and safety (H&S) of the Group's employees and consumers is a top priority for Compass and the Committee receives regular H&S reports from the Group CCO to enable it to monitor performance.

The Group has two key performance indicators (KPIs) linked to the H&S of colleagues and consumers: the Lost Time Incident Frequency Rate (LTIFR) and the Food Safety Incident Rate (FSIR). The Committee sets limits for these KPIs at the beginning of the year and monitored performance over the course of the year to enable it to assess the effectiveness of the controls in place to mitigate the occurrence of LTIFR and FSIR incidents across the businesses. Performance outcomes are linked to the executive director and senior management annual bonus plan, and the results for the financial year ended 2023, which the Committee is pleased to report are within the limits set at the start of the year, can be found on page 7.

As part of the Group's drive to continuously improve its safety culture, in September, the Committee considered and approved a move from the LTIFR H&S workplace performance measure to the Total Recordable Injury Frequency Rate (TRIFR) H&S workplace performance measure for the financial year ending 2024, reflecting the continuing maturity of Compass' safety culture. TRIFR is generally considered to be a more holistic measurement as it includes all injury types, and from 2024 it will be used in place of LTIFR as a performance measure in relation to the annual bonus plan for executive directors and other senior management. Further details on the ESG measures in the annual bonus plan can be found in the Remuneration Committee report on pages 116 to 117 and 120.

Corporate Responsibility Committee report continued

At each meeting the Committee considers a safety moment relating to topical aspects of health or safety, or lessons learned from a recent incident. Each briefing aims to provide the Committee with a fuller understanding of the H&S matters faced by the businesses and how the lessons learned from such incidents are applied to mitigate the risk of a recurrence. In the financial year ended 2023, safety moments included the use of geothermal energy for cooking and the launch of a new global safety portal designed to support safety communities across Compass.

In addition to the regular safety moments, in November 2022, the Committee reviewed a deep-dive on safety performance in the Group's largest business in North America with the Vice President of Risk Management. The Committee was briefed on the outcome of the North America business LTIFR and FSIR performance for the financial year ended 2022, which was within the limits set at the beginning of the year. The Committee also reviewed how, over time and through a period of considerable growth, the North America business had developed its people and risk management systems to create a more active approach to safety which provides management with data-driven insights and real-time reporting.

The Committee also considered the safety focus areas for 2023 designed to build on the active safety culture in the business. These areas included the introduction of predictive analytics, training for colleagues to further develop competency and capability, safety innovation and the assessment and further advancement of the Group's safety culture. The Committee acknowledged the contribution of North America's management and colleagues which had resulted in an industry-leading safety performance for 2022 when benchmarked against recognised external metrics.

The regional financial performance of the North America business can be found on page 22. H&S performance results for the region for 2023, which are linked to the annual bonus for the Chief Operating Officer, North America, can be found on page 117.

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.

At its meeting in November 2022, the Committee received an update on the Group's E&I programme of activities, implementation strategy and the positive progress made during the financial year ended 2022, which was reflected in the cultural indicators and insights gathered from pulse surveys. The output from the surveys and other programme performance indicators provided the Committee with further assurance that, overall, the programme continues to strengthen, adopting a prioritised, risk-based approach.

A summary of the E&I priorities and forward plan for 2023 was reviewed by the Committee, which included activities to further embed Group policies and processes, continued implementation of key integrity controls, improvements in the management of higher-risk third parties, enhanced monitoring and oversight procedures, and continued measurement of the Group's culture of integrity, and the effectiveness of its Speak Up, We're Listening programme. The Committee was also briefed on the self-assessment risk review undertaken across all countries in the Group using a tool provided by an independent external law firm, which validated the design and priorities of the E&I programme, and identified opportunities for improvement. Additionally, Internal Audit carried out an assurance review of the Speak Up, We're Listening arrangements, and concluded that they continue to operate effectively and remain fit for purpose.

At its meeting in May 2023, the Committee approved the new Compass Code of Business Conduct (CBC) and recommended it to the Board for approval. The CBC sets out the expected behaviours for everyone working with, for, or on behalf of Compass, including temporary and contract staff, regardless of location, role or level of seniority and is underpinned by Compass' corporate values which continue to shape and further embed a strong governance and ethical culture across the Group.

During the year, the Group E&I team continued to embed its refreshed strategy and priorities, partnering with a network of regional and country E&I leaders, who promote and support awareness initiatives and training campaigns, and lead on local E&I programme activities; and in September this year, the Committee reviewed the progress made during the year to further embed the E&I programme through the use of a clear and comprehensive policy framework. The Committee also reviewed the priorities for the year ahead which included continuing to embed third-party integrity due diligence as part of local processes, improving management of high-risk third parties, enhancing monitoring and oversight procedures, and optimising existing compliance tools and technologies.

Learn more about our E&I and Speak Up, We're Listening programmes on our website, www.compass-group.com/en/who-we-are/ethics-and-integrity

Sustainability

During the year, the Committee continued its focus on sustainability and climate-related matters.

In November 2022, the Committee received a presentation from the Group CCO setting out the two-year roadmap for the development of the Company's disclosures under the TCFD requirements, taking into account the FRC's thematic review of TCFD disclosures and climate-related disclosures in financial statements. The Committee also considered other reporting frameworks, including the EU Corporate Sustainability Reporting Directive, the US SEC Climate Disclosure Rules, and the International Sustainability Standards Board sustainability disclosure standards.

During the year, the Committee reviewed with management the Group's sustainability strategy including the plans to reach climate net zero by 2050. The Committee reviewed the progress made during the year on reducing the Group's Scope 1 and 2 emissions. The Committee also considered the Group's key activities to reduce Scope 3 emissions which centred around food waste reduction, re-engineering menus and collaboration with suppliers. The Committee also received an update on progress on the UK&I business' commitment to reach climate net zero by 2030, and reviewed the roadmap in detail. More detail of Compass' progress on its sustainability strategy and net zero commitments can be found in the Purpose report on pages 38 to 44.

In September 2023, the Committee reviewed the Company's proposed TCFD disclosures to be included in the 2023 Annual Report and Accounts.

In addition, the Committee received a training session led by the Sustainability team, external advisers and the Company's external auditor on the wider ESG landscape, including forthcoming sustainability disclosure requirements. Further information can be found on page 73.

To better understand and mitigate the Group's food waste footprint, the use of food waste tracking technology has been expanded across the Group's operations to help towards Compass' commitment to halve food waste in its operations by 2030. Aligned to this commitment, the Group introduced a non-financial food waste performance measure related to the number of sites across the Group's businesses adopting the technology for the financial year ended 2023. Achievement of the food waste performance measure is linked to 5% of the annual bonus of executive directors and senior management. The Committee is pleased to report that excellent progress has been made during the year with 7,943 sites globally now employing food waste tracking technology to record food waste.

More details on the Group's sustainability initiatives, including information regarding the Group's Scope 1, 2 and 3 emissions is set out on pages 38 to 54.

People

Overseeing the development, implementation and effectiveness of the Group's people policies, strategies, processes and initiatives continues to be an important aspect of the Committee's work, and to assist the Committee, it receives regular reports and presentations from the Group CPO.

Employee engagement

In November 2022, the Committee reviewed the results of the global employee engagement surveys conducted in the financial year ended 2022, in which colleagues were asked to rate their experience of working at Compass. The surveys covered a wide range of topics including feeling valued, motivation, respect, teamwork, health and wellbeing, culture, and confidence in the Group's leaders. The Committee noted the increase in participation rates and that engagement scores had remained stable since 2019 despite the significant impact of COVID-19 on people's sense of wellbeing. The results gathered from the surveys were used to identify areas of focus for 2023 including inclusion, career management, reward and recognition, and wellbeing. The Committee was also advised of several initiatives across the Group to help support colleagues, including the provision of free or subsidised food, raising financial awareness and providing tools to help employees manage their finances, access to emergency funds, employee counselling and health and wellbeing support, flexible working options, and access to overtime working.

In the year, the Committee was also updated on the highlights of the US Your Voice employee engagement survey, noting the high participation rates. The outcome of the survey indicated to the Committee that engagement remained strong among US colleagues and that the people strategy for the region was having a positive impact. The Committee concurred with management's view that the outcome was positive overall when taken in the context of the large number of new colleagues recruited and inducted to support the re-opening of the business following the COVID-19 pandemic.

During the year, the Committee reviewed summaries of the roundtable meetings which the DNED, Ireena Vittal had held with employees from across the Group's businesses. Mrs Vittal shared observations from her meetings, noting that common themes included hiring and retention, solving issues through technology and the desire among colleagues to share best practices. The roundtable meetings revealed that, in the main, employees remain very engaged and are proud to work for Compass.

Two further employee roundtables were held in the year, hosted by non-executive director, Arlene Isaacs-Lowe, one of which was in support of the UK&I's Black Future Month, one of a series of initiatives in the Group held during the year to recognise and promote opportunities available to the diverse communities of talent across the Group.

The data and views of employees gathered from the employee engagement surveys and other engagement mechanisms, together with feedback from the roundtable meetings held by Mrs Vittal, and Ms Isaacs-Lowe, help to ensure the Board is aware of the views and concerns of the workforce so that these are taken into account in the Board's discussions and decision-making processes. More details of the meetings held by Mrs Vittal and Ms Isaacs-Lowe can be found on page 75.

Talent management strategies

In September, the Committee received a presentation on the Group's talent management strategies and how these supported the Group's growth ambitions and were key to the future success of the businesses. The Committee focused on the core pillars of the approach, namely: strengthening succession pipelines; developing diverse future leaders; and improving talent mobility.

Corporate Responsibility Committee report continued

Human rights, modern slavery and supply chain visibility and integrity

During the year, the Committee considered the work being done to further develop Compass' approach to mitigating the risks of modern slavery in the Group's businesses and supply chains. Notable matters reviewed included:

- renewing Compass' partnership with the Slave-Free Alliance to help further improve due diligence processes, address salient human rights risks and provide support and advice regarding modern slavery and human trafficking
- increasing employee awareness of human rights and modern slavery risks through the Group's E&I programme training, which is being undertaken on a 'risk to role' basis to better detect, address and prevent modern slavery in the Group's businesses and their supply chains
- continuing to expand the cross-functional Human Rights Working Group to include representatives from all regions of the Group
- hearing from the Group Director for Employment, Equity and Social Impact, responsible for collaboratively driving improvements in the Group's human rights programme design and implementation globally, and receiving a presentation on the ongoing work to further the Group's human rights agenda
- working with Earthworm Foundation, a not-for-profit organisation, to map social and environmental risks within the fresh tomatoes and canned tuna supply chains in the UK and US
- ongoing implementation of Compass' Global Supplier Code of Conduct across the Group's businesses setting out the ethical standards, principles, expectations, and behaviours expected from Compass' supply chain partners
- rolling out the Sedex (Supplier Ethical Data Exchange) across additional countries to further extend due diligence and risk mapping processes
- the formation of a new Group Supply Chain Risk Management (SCRM) Committee, whose remit is to further develop and embed a strategic framework and integrated approach to SCRM including mitigating human rights risks in the supply chain

The Committee reviews the Group's Human Rights Policy every year to ensure that it remains fit for purpose and is aligned to the Group's people, purpose and performance strategy. In 2023, the Committee considered proposed changes to the policy to improve its alignment with stakeholder feedback and expectations, as well as reinforcing the Group's commitments to respecting human rights and its broader ESG ambitions. The Committee considered and subsequently recommended the revised Human Rights Policy to the Board for approval, which the Board approved.

The Committee also considered the Company's Modern Slavery Act (MSA) statement for 2022 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 our website, www.compass-group.com.

The 2023 MSA will be published on our website in December 2023.

Stakeholder engagement

During the year, the Committee considered the Group's stakeholder engagement activities with clients, consumers, suppliers, communities and NGOs, including key areas of focus, noting 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 74 to 81.

Engagement with the Group's employees is described on page 75 and in more detail in the People report on pages 36 and 37.

Committee evaluation

The priorities identified by the Committee following last year's external evaluation process were:

- continuing to focus on the timing and structure of meetings to ensure appropriate focus on the wide range of 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 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.

2023 evaluation

The outcome of this year's internal evaluation of the Corporate Responsibility Committee confirmed that the Committee continued to function effectively.

No specific areas were identified that required significant improvement. However, recognising the increasing importance of ESG to stakeholders, it was agreed that in the coming year, the Committee would continue to focus on ESG matters including, in particular:

- sustainability and climate reporting
- H&S
- DE&I
- supply chain risk

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

20 November 2023

Nomination Committee report

Ian Meakins
Chair of the Nomination Committee

Governance

Ian Meakins was appointed Chair of the Committee in December 2020. Membership comprises the Chair of the Committee and all the non-executive directors. Biographies of Committee members can be found on pages 58 to 61. Members of the Committee are appointed by the Board. The Board considers each member of the Committee (except the Chair of the Board who was independent on appointment) to be independent in accordance with the criteria set out in the UK Corporate Governance Code 2018 (the Code).

The Committee meets at least twice a year. The quorum for a meeting is three, of which the majority must be independent non-executive directors. The Committee held four meetings during the year. Meeting attendance can be found in the table on page 69. The Chair of the Board acts as Chair of the Committee, except when the Committee is dealing with the succession of the Chair of the Board. On these occasions, the meetings will usually be chaired by the Senior Independent Director (SID). The Chair of the Committee reports to the Board on Committee activities and 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 meetings. Other individuals, such as the Group Chief Executive Officer (CEO), the Group Chief People Officer (CPO) 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 2023. The review concluded that the terms of reference continue to be fit for purpose.

A copy of the terms of reference can be found on our website, www.compass-group.com.

Committee activities during the year

The Nomination Committee is responsible for ensuring the composition and structure of the Board remains effective, balanced and aligned to the Company's strategic priorities. In practice, this involves overseeing the nomination, induction, evaluation and orderly succession of directors. The Committee also ensures the Group's governance facilitates the appointment and development of a diverse pipeline of effective talent that can deliver shareholder value over the long term. Examples of the Committee's activities during the year, are set out in the pages that follow.

Board succession planning

Succession planning is a core element of the Committee's work.

When assessing succession plans 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, considering 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 long term. During this assessment, it considered, the structure, size and composition of the Board taking into account the requirements of the Code, and the Financial Conduct Authority's (FCA) Listing Rules. A new non-executive director, Leanne Wood, was appointed during the year, and more detail is provided on page 94.

Board appointment process

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 of a director is made, the Nomination Committee agrees a candidate specification setting out the role and capabilities required. The Board promotes an environment which is supportive of individuals from diverse backgrounds, and in identifying suitable candidates, the 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, bearing in mind the benefits of diversity on the Board
- ensures that appointees have enough time to devote to the position, considering any other significant commitments

Nomination Committee report continued

Depending on the strategic and succession plans of the Company, 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 ensures the best possible chance of attracting a diverse pool of candidates.

The 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 three-year term, which may be extended for a further two three-year terms. Reappointment is not automatic at the end of each term.

Appointment of new directors

Non-executive directors

During the year, the Committee launched a recruitment process to facilitate the appointment of two additional non-executive directors in support of the Board's succession plans and the Group's strategic aims. The Committee was also mindful of the FCA's Listing Rule LR9.8.6(9)(a)(i) which sets a target for listed companies of 40% female Board membership.

The selection process was led by the Chair of the Board who was assisted by the Group CPO and Group General Counsel and Company Secretary. The Committee also used the services of an executive search firm to identify suitable candidates, Egon Zehnder (EZ). EZ is used from time to time by the Company for the recruitment of senior executives. It is independent of and has no other links with the Company or its directors.

Position specifications were prepared by EZ in conjunction with the Committee setting out the desired attributes, experience and personal style for the successful candidates, which enabled EZ to formulate its search strategy. To ensure the best possible chance of attracting a diverse pool of candidates the search considered individuals who did not have direct PLC experience, but who possessed experience of leading complex, global-scale organisations. Potential candidates were also required to demonstrate that they had sufficient time available to devote to the role.

In executing its search strategy for the two non-executive directors, and to ensure a diverse range of candidates, EZ identified a wide pool of potential candidates. From this, a long list was compiled and following further review, a number of individuals were profiled and considered by the Company. A short list was drawn up and seven candidates were interviewed by the Chair and CPO before progressing to the second selection stage of interviews with the Group General Counsel and Company Secretary and Group CEO. Candidates, who were considered to best match the role requirements, were put forward to meet with the SID and other members of the Board. After detailed discussions and careful consideration, the Nomination Committee concluded and recommended to the Board that Leanne Wood be appointed to the Board with effect from 4 May 2023, which the Board approved. Leanne was considered to meet the brief very favourably. In addition to her people specialism, Leanne brings wider strategic and operational experience in global organisations and her people philosophy is a strong cultural fit with Compass.

The Company also offered a role to a second female candidate who did not accept the position. The Company is continuing its search in the coming year and hopes to meet all the FCA's targets by the end of 2024.

Executive directors

In September 2023, Gary Green informed the Board that he wished to retire as Group Chief Operating Officer (COO), North America and as a director of Compass Group PLC and it was agreed that he would step down from the Board on 30 November 2023.

Through the Board and Executive Committee succession planning processes, the Committee identified Palmer Brown as the preferred and natural candidate to succeed Gary Green given his extensive knowledge of the contract catering industry and his deep financial expertise which he had demonstrated over the last two years in the role of Group CFO. The Committee also recognised his prior experience with the US business which he joined in 2001 where he played a central role as a member of the executive team and had been responsible for many strategic acquisitions and disposals for the Group. The Committee recommended the appointment of Palmer Brown as the Group COO, North America and this was approved by the Board with effect from 1 December 2023.

The Committee also considered candidates to succeed Palmer Brown as Group CFO. Again, through the Board and Executive Committee succession planning processes, the Committee identified Petros Parras as the preferred candidate. The Committee considered Mr Parras' strong performance as Regional Finance Director for Europe and the Middle East where he had played a key role in the turnaround of the region, focusing on growth strategies, the operating model and core processes as well as the use of data analytics to drive better commercial outcomes. The Committee also considered his prior experience in fast-moving consumer goods businesses including Procter & Gamble, Reckitt Benckiser and Coty in Europe and North America in senior finance, operational and strategic roles. The Committee recommended the appointment of Petros Parras as the Group CFO and a director of Compass Group PLC and this was approved by the Board with effect from 1 December 2023. Petros will stand for election at the 2024 AGM.

Details of senior management succession planning are on page 95.

Induction process

On joining, new directors receive a formal, comprehensive and tailored induction programme designed to suit the individual's needs and role. The induction includes meetings with senior management, the external auditor and external advisers, together with technical briefings and site visits, which facilitate an effective introduction to the Group's businesses and culture. The induction process is structured in a way that ensures the new director has a strong foundation and the necessary information to understand the business, and to be effective in the role.

Since her appointment, Leanne Wood has completed her personalised induction and is contributing effectively to Board and committee discussions. Leanne will stand for election at the 2024 AGM.

Non-executive directors' tenures and change in roles and responsibilities

Ian Meakins was appointed to the Board in September 2020 and as its Chair in December 2020. He completed his first three-year term in office during the year. In determining whether to renew Ian's appointment for a further three-years, the Committee, chaired by the SID, considered the balance of perspectives, skills, experience and expertise needed on the Board to help the Company achieve its strategic goals. In arriving at a decision, the Committee considered Ian's performance to date, his personal leadership qualities and the skills required to be a successful board chair, combined with the necessary experience, knowledge and insight to lead the Board in the next stage of the Group's development. Ian's capacity to devote sufficient time to his role at Compass was also considered. The Committee duly recommended the reappointment of Ian Meakins as a non-executive director and Chair of the Board for a further term of three-years, which was approved by the Board.

Carol Arrowsmith was appointed to the Board and as Chair of the Remuneration Committee in June 2014. She stepped down as Chair of the Remuneration Committee at the conclusion of the 2023 AGM and was succeeded in this role by John Bryant. To facilitate an orderly transition of the Remuneration Committee Chair, the Committee recommended that Carol continue as a member of the Remuneration Committee, which was approved by the Board. Carol completed her nine-year tenure in June 2023 and will retire from the Board following the conclusion of the 2024 AGM. The Board also approved the Committee's recommendation that John Bryant, whom the Committee considered to be the most suitable candidate, be appointed to succeed Carol Arrowsmith as Chair of the Remuneration Committee at the conclusion of the 2023 AGM.

John Bryant joined the board of Flutter Entertainment plc in February 2023 and became its Chair in September 2023. Recognising the time commitment required for this new role and his existing commitments, it was agreed by mutual consent that John would stand down as SID in July 2023 but continue as Chair of the Remuneration Committee and as a member of the Audit, Corporate Responsibility and Nomination Committees.

The Board approved the Committee's recommendation that Anne-Françoise Nesmes, who joined Compass in July 2018, succeed John as SID on the basis that she possessed the required level of seniority and experience to assume this senior Board position including a strong record of working within listed company boards together with an excellent knowledge of the associated UK regulatory and governance framework.

During the year, the Corporate Responsibility Committee was updated on the work of the DNED and their role in bringing the voice of employees into the boardroom. Ireena Vittal has been DNED since 2019. During her time in this role, Ireena has met with numerous employees from across the Group, listening to their insights and views and reporting them back to the Board. Ireena's approach and personal style have ensured that employees have had the confidence to freely express any concerns and aspirations for Compass and their own development. The sessions have consistently been rated positively by participants and have provided the Board with a better understanding of the employee experience and have helped with the development of the Group's People strategy. Ireena's first term as DNED for a period of two years ended on 30 September 2021. She was subsequently reappointed as DNED for a second term which concluded on 30 September 2023. At its meeting in September, the Committee recommended to the Board that Ireena's term as DNED be extended until the end of her tenure as a director, which the Board approved. This will enable Ireena to further build on the trust and goodwill that has been established to date and to continue to bring the voice of employees into the boardroom. Details of this year's engagement sessions are on page 75.

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. 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 focused on succession planning for the Group's North America business and the Group Executive Committee.

At its meeting in November 2022, the Committee reviewed the succession plans for the North America business with the Group COO, Group CPO and the CPO for North America. The Committee focused on the talent pipelines and plans in place relating to executive functional and operational roles, and senior leadership roles in each business sector, which were designed to ensure business continuity and to support sustainable growth. The Committee received an update from the CPO North America on the approach to recruiting, developing and retaining talent, together with an update on DE&I initiatives designed to ensure that there are diverse talent pipelines in place reflecting the diversity of the consumers and communities served by the North America business.

In connection with the Executive Committee succession plan, the Committee arranged for non-executive directors to have one-to-one meetings with some of the potential executive succession candidates. The meetings provided participating Committee members, particularly those who had recently joined Compass, with an opportunity to get to know succession candidates and to assess the Group's executive succession plan and its alignment to the Group's strategic and DE&I ambitions.

In September, the Committee reviewed the succession plans for the Executive Committee with the Group CEO and Group CPO. The Committee reviewed the talent pipeline and focused particularly on the individuals identified as near-term succession candidates and their development plans.

Diversity, equity and inclusion

Board diversity and inclusion

At Board level, the approach to appointing new directors reflects the Committee's objective to ensure there is always an appropriate balance of experience and backgrounds on the Board. Great emphasis is placed 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 Board Diversity Policy, is available on our website, www.compass-group.com.

As reported on page 65, the FCA's Listing Rules now set board diversity targets that at least 40% of the board are women, at least one of the roles of CEO, CFO, Chair and SID is held by a woman, and at least one director is from a minority ethnic background.

The Company has met all of the above targets, except the target to have 40% of Board membership represented by women. Following the appointment of Leanne Wood in May, 38% of the Board members are women, versus 33% last year. The Committee is aware that the percentage will return to 33% when Carol Arrowsmith steps down from the Board at the conclusion of the forthcoming AGM in February 2024, and will endeavour to redress the balance to enable the Company to comply with this requirement by the end of 2024.

Group diversity, equity and inclusion

The Committee also reviews the Group's policy on workforce DE&I, and its objectives and links to strategy.

During the year, the Committee received an update on the Group's DE&I activities from the Group CPO and the Group Talent and Capability Director. The workstreams being undertaken across the Group to recruit, develop and retain a diverse talent pool were considered, including the strategy to support the ambition of creating lifetime opportunities and a workforce representative of the consumers and communities served by Compass. The Committee noted progress being made to increase gender diversity, and the structured and broad approach and actions being taken, which varied based on geography and culture.

Nomination Committee report continued

The Committee supports the initiatives taking place across the Group's businesses to improve DE&I, including work to further strengthen the pipeline of women 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 32 to 37. Information on Board and Executive Committee gender and ethnicity can be found on page 65. Gender diversity of Executive Committee direct reports can be found on page 36.

Time commitment, and training and development

In line with its terms of reference, 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 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 the training session led by the Sustainability team, the external advisers and the Company's external auditor on the wider ESG landscape, together with regulatory and governance updates from the Group General Counsel and Company Secretary and other in-house and external subject matter experts and advisers. Future training needs are regularly considered and addressed as required.

Board and committee evaluation

Last year, an independent external evaluation was conducted. Lintstock, which is independent of and has no other links with the Company or its directors, was selected to conduct the evaluation and the following priorities were identified for the financial year ended 2023, which the Board has addressed during the year:

- 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 considering 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

2023 evaluation

This year, an internal evaluation was conducted with support from Lintstock.

In May, based on a clear and comprehensive brief by the Chair of the Board and the Group General Counsel and Company Secretary, questionnaires were prepared and distributed by Lintstock which focused on the effectiveness of the Board and its committees. The questionnaires, which took into account and built on the key themes which had emerged from the previous external evaluation, were completed by Board members. Members of the Executive Committee completed a separate questionnaire which sought their views on Board dynamics across five themes: exposure to the Board, relationships and communications, support and challenge, supporting growth, and suggestions for improving Board and Executive Committee dynamics.

The outcome of the evaluation process (except the performance evaluation 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 Committee at its meeting in July.

The evaluation concluded that the Board and its committees continued to be effective and that each of the directors continued to contribute effectively to Board and Committee meetings.

As a result of the evaluation, a number of priorities were agreed for the Board in the year ahead:

- incorporate the sector reviews into the regional reviews and agree the key strategic themes to be considered periodically in the year outside the annual Group strategy review
- further enhance the quality of Board and committee materials by preceding all Board and Committee papers with an executive summary highlighting the action required, particular issues to be considered and any management dilemmas

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, Corporate Responsibility and Remuneration Committees can be found on pages 88, 92 and 126 respectively.

Nomination Committee evaluation

The priorities identified by the Committee following last year's external evaluation process were:

- 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 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.

2023 evaluation

This year's internal evaluation of the Nomination Committee confirmed that the Committee continued to be effective and identified the following priorities for the year ahead:

- as part of Executive Committee succession planning, review individuals' progress against their development plans
- review the talent strategy and how this supports the Group's growth ambitions

These matters, together with the regular work of the Committee will inform the Committee's agenda for the coming year.

IK Meakins

Ian Meakins
Chair of the Nomination Committee

20 November 2023

Remuneration Committee report

John Bryant
Chair of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present our Directors' Remuneration Report (DRR) for the year ended 30 September 2023, my first report as Chair of the Remuneration Committee. I joined the Compass PLC Board in September 2018 and was appointed Chair of the Remuneration Committee at the conclusion of the 2023 AGM. I would like to thank my predecessor, Carol Arrowsmith, for her leadership and stewardship of the Committee over the past nine years.

Remuneration context

Compass is a business with over 550,000 employees operating in around 35 countries and around two-thirds of our revenues are generated in North America. 2023 was an exceptional year for Compass, establishing record levels of performance. The Group's recovery surpassed its pre-pandemic levels of revenue, profit and cash. Our share price reached its highest level to date reflecting the market's confidence in Compass and its leadership team. These results have been achieved against a backdrop of continued economic and political uncertainty.

Results this year have been strong in all areas, with revenues reaching £31 billion, underlying operating profit growth of 30% on a constant-currency basis, underlying operating margin of 6.8%, net new business wins of 4.6% and a strong client retention rate of 96.5%. An ongoing focus on the importance of health and safety, including ethical sourcing, allergen management and food traceability, has continued to create opportunities for us.

We remain committed to halving our food waste by 2030 and have made excellent progress this year in the rollout of the tracking technology to achieve this, with just under 8,000 sites globally now tracking food waste. Early trends in our food waste reduction are promising.

However, the external landscape in which the Group operates continues to be challenging across our markets, with inflationary pressures being experienced in all markets and sectors. We reviewed our portfolio and have exited several countries as we continue to reshape our portfolio to focus on better growth opportunities in our larger, more developed markets.

Nevertheless, the strength of our balance sheet, along with our confidence in the prospects for the business, have provided us with the platform for strong returns to shareholders. We have declared a total dividend for the year of 43.1 pence. We also provided additional capital returns through the year in the form of share buybacks.

It is within this context that the implementation of the 2022 Remuneration Policy (the 2022 Policy) during the year should be considered.

Listening to our shareholders

The Remuneration Committee has engaged extensively with shareholders over recent years, and since my appointment as Chair I have continued this open and transparent dialogue. My priority has been to develop relationships with investors and to spend time listening. I have met with many of our major shareholders to understand their views on our Remuneration Policy and its implementation, and I have directly heard a variety of opinions. This dialogue has been a continuation of the extensive engagement carried out by my predecessor, Carol Arrowsmith, during 2021 and 2022, in respect of the 2022 Policy and other key remuneration decisions.

Although we were pleased that the majority of shareholders were supportive of the resolution to approve the 2022 DRR at the 2023 AGM, we are mindful that a notable minority opposed the resolution. During our engagement with shareholders in the lead-up to the 2023 AGM, it was apparent that there was some concern related to the increase in the Long-term Incentive Plan (LTIP) opportunity approved by shareholders at the 2022 AGM as part of the 2022 Policy and its subsequent implementation. However, concerns were not uniform across all major shareholders. For example, the largest single vote against the 2022 Policy at the 2022 AGM, and against the adoption of the Remuneration Report at the 2023 AGM, was influenced by a view that the incentive opportunity was not high enough. The prior votes against the remuneration resolutions should not therefore be interpreted as shareholders being universally opposed to the increased LTIP quantum, and in this context, because of this divergence of views amongst shareholders, building unanimous support across the register has been challenging.

During our extensive consultation on the 2022 Policy, we engaged with our 100 largest shareholders, representing almost 90% of the issued share capital. In the lead-up to the 2022 AGM vote, we had good insight and understanding into the views of the vast majority of our shareholders. Although views were mixed, it was clear that the majority of shareholders were supportive of the increased LTIP quantum for executive directors. The Committee was, and remains, strongly of the view that the proposals were in the long-term interests of the Company and of its shareholders. We therefore decided to proceed with implementation following shareholder approval of the 2022 Policy at the 2022 AGM. The dialogue with investors continued after the AGM during the spring of 2022, and in the lead-up to the 2023 AGM.

During engagement with investors following the 2023 AGM, many shareholders expressed the importance of the Committee's commitment to not look at executive pay in isolation and to consider broader stakeholders in its deliberations. This approach is entirely aligned with that of Compass, and I was pleased to be able to share with some shareholders Compass' broader approach to pay, which is set out on pages 105 to 106.

Remuneration Committee report continued

I was also interested to hear views on our incentive arrangements and the continued development of performance criteria for our plans. I have committed that as part of the next policy review the Committee will consider the measures linked to our incentive plans and consult further with shareholders regarding our proposals.

More recently, I also engaged with major shareholders to provide an update on the remuneration impact of the Board changes announced in September 2023. More details on our extensive engagement can be found on pages 103 to 104.

The perspectives of our major shareholders form an important part of the Committee's deliberations, and I would like to reiterate my commitment to engaging with and listening to shareholders, particularly as we consider our 2025 Remuneration Policy, a process that has already begun as a result of this engagement. The Committee appreciates the willingness of our major shareholders to take a meaningful part in our deliberations. We acknowledge that executive pay is a topic that attracts strong and often differing opinions amongst investors, and we have continued to adopt an approach which is measured, fair, and promotes the sustainable delivery of the Company's long-term strategy.

Consideration of the wider workforce and their views

Our people are at the heart of who we are and of what we do. We are focused on building an open culture in which our people can thrive, feel safe and feel valued for who they are and what they bring to Compass. In considering executive director remuneration, the Committee has regard to the wider workforce and is updated regularly on the remuneration policies and practices applicable to employees across the Group.

My fellow Remuneration Committee member, Ireena Vittal, is the Designated Non-Executive Director for Workforce Engagement. During the year, Ireena continued her programme of engagement with employees to understand their views and experiences of working at Compass and what could be improved, and to take feedback on our approach to remuneration. These sessions provided Ireena with opportunities to hear directly from employees in an open environment, enabling the Board to better understand the differing views of our people. More information on Ireena's discussions with employees can be found on page 75.

Earlier this year, as part of the UK & Ireland business' Social Promise, it published its first ethnicity pay gap report, together with its gender pay gap report. The median gender pay gap reduced from 16.6% to 12.6%, which is lower than the UK national average. Median pay for ethnic minorities was 7.9% higher than the Compass UK&I average, reflecting a higher representation of ethnic minority colleagues in higher paid roles. However, there is more work to do and action plans have been defined and communicated to address the challenges.

Our UK business is a Living Wage Recognised Service Provider, accredited by the Living Wage Foundation, meaning that its directly employed workforce are paid the Real Living Wage or above. Additionally, we continue to advocate for the Living Wage across our industry – encouraging clients and suppliers to pay the Living Wage.

Within our regions, we have continued to provide support and assistance in respect of employees' health and financial wellbeing. For example, employees in some countries across the Group benefit from access to same-day pay, salary advances and financial education and support. Access to these benefits is particularly valued by employees who would ordinarily not have access to mainstream financial products and associated financial wellbeing support. UK employees also have an opportunity to become shareholders of Compass through an employee share scheme. More details of our approach to responsible pay are set out on page 105 to 106.

Our approach to executive remuneration

As a Committee, we believe our remuneration framework continues to incentivise the successful execution of our strategy and the delivery of returns to our shareholders. Compass has performed well against the market, the FTSE 100 Index and our sector consistently over the short, medium and long-term, save for the period in which the Company's operations were impacted significantly by the COVID-19 pandemic. Throughout this period we have managed to retain a stable and high-performing management team.

We continue to take a balanced and thoughtful approach to executive remuneration which is strongly aligned with UK corporate governance guidelines. We are acutely aware of the prevailing sensitivities surrounding executive remuneration arrangements and in recent years we have been particularly mindful of both protecting our front line employees and of shareholder views with regard to the potential exercise of positive discretion in respect of our long-term incentive plans. We are mindful that the base salary and total target remuneration of the Group CEO is in the lower quartile of the FTSE 30 (excluding financial services), and the Committee will review this positioning as part of our next Remuneration Policy review. The pension cash allowances received by executive directors are in line with the maximum available to the majority of the wider UK workforce.

Whilst long-term incentive awards granted in the financial years ended 2018, 2019 and 2020 lapsed following the impact of the COVID-19 pandemic, the pay structure has incentivised a strong recovery following the pandemic and has rewarded exceptional Company performance over the past financial year.

Remuneration outcomes in 2023

Bonus outcome – 100%

The exceptional financial results and operational performance noted above are reflected in bonus outcomes for the year. When determining the outcome for the annual bonus plan, in addition to the formulaic outcomes the Committee considered the business performance and operating environment and the wider stakeholder experience.

One-third of the bonuses earned for each executive director will be deferred into shares for a period of three years. The remainder of the bonus will be paid in cash. The cash payment and deferred bonus shares will be subject to malus and clawback provisions for a period of three years after payment/grant. No discretion has been exercised in respect of bonus payments for 2023. Full details of the targets and outcomes are set out on pages 116 to 117.

LTIP outcome – 100%

The 2020-2021 LTIP award was based on a three-year performance period ended 30 September 2023. Measures under this award were 40% on Return on Capital Employed (ROCE), 40% on Adjusted Free Cash Flow (AFCF) and 20% on Relative Total Shareholder Return (TSR).

Prior to grant, the Committee scaled back the award level by 30% of salary for the Group CEO and 25% of salary for other executive directors to reflect the fall in share price experienced as a consequence of the COVID-19 restrictions. The targets for this award were set in a highly uncertain environment and prior to the development and rollout of COVID-19 vaccines. The extent to which the businesses would have the ability to reopen and to generate revenue was highly dependent upon prevailing and future government actions. In particular, cash flow forecasting in the first year of the performance period was particularly challenging. Although actual performance over the three-year period has outperformed these target ranges, our performance has far exceeded any reasonable forecast from when the targets were originally set.

The business delivered ROCE of 17.44% and AFCF of £2,890m over the three-year performance period ending 2023. Compass' TSR performance was strong during the performance period, ranking 10th place out of the 73 companies in the comparator group, reflecting upper-quartile performance.

All three of the performance conditions under the 2020-2021 award were met, and the award will vest in full. The Committee considered it important to undertake a comprehensive and holistic review of performance, both on an absolute and relative basis, to determine whether the payout level was consistent with the performance achieved and, in so doing, to apply a level of judgement to the vesting decision beyond the formulaic outcome. Given the strength of delivery, degree of outperformance versus peers, top-quartile TSR performance, and the progress made on multiple strategic priorities, the Committee is satisfied that the vesting of the award fairly reflects performance over the period. Despite the Company's strong performance during the preceding three years, this is the first LTIP award to vest over the four-year period of recovery and growth.

Executive director changes

On 22 September 2023, we announced that Gary Green will step down from the Board on 30 November 2023. With effect from 1 December 2023, Palmer Brown will assume the role of Group Chief Operating Officer (COO), North America and Petros Parras will be appointed as Group Chief Financial Officer (CFO).

In setting the remuneration packages for the new incumbents, we took a measured approach and set pay at a level which is both fair and competitive, taking into account the size and scope of the roles, the external talent market and the views of our major shareholders.

Base salaries for both Palmer Brown and Petros Parras have been set below the levels for the previous incumbent. Palmer Brown has been appointed on a base salary of $1,400,000, (c.14% below the salary level for the previous incumbent) and Petros Parras has been appointed on a base salary of £740,000 (around the lower quartile of the FTSE 30 (excluding financial services) and c.10% below the previous incumbent). All other elements of their packages, including incentive maxima (bonus – 150% of salary, LTIP – 350% of salary) are consistent with the 2022 Policy. Pension benefits for both directors have been set at 6% of salary which is consistent with the maximum rate available to the majority of the wider UK workforce.

It is recognised that the Group COO, North America role is perhaps unique amongst FTSE peers. When considering the salary for this role, the Committee was particularly cognisant of the following factors:

- the size and scale of our North American operations, which represent approximately two-thirds of the Group's operations
- the 'hot' market for talent in our sector, particularly amongst US peers against whom we compete for talent. This is a US-based role and Palmer, a US citizen, will be returning to the US to undertake the role
- the skills and experience of Palmer, who joined the business 22 years ago and who will provide continuity via his extensive experience of both functional and operational roles in the Group

The Committee has set remuneration at a level which is below pay levels seen in many US organisations. While there is a material increase in base salary compared to his previous role, this reflects the very significant expansion in the role scope. The Committee will review the structure of remuneration in this context during the next Remuneration Policy review.

The Committee has deliberately set the base salary for Petros Parras, the incoming Group CFO, at a prudent level. In line with best practice, the Committee intends to keep his salary under review as he builds experience in the role.

Gary Green will step down from the Board on 30 November 2023 and will remain an employee and available to the Group until his retirement on 31 March 2024. His departure terms are consistent with the 2022 Policy. In recognition of his exceptional performance and contribution to the organistion, Gary will be treated as a good leaver for incentive plan purposes. Outstanding incentives will remain subject to performance and will be pro-rated for time. Full details of Gary's remuneration arrangements for his departure are outlined in the annual report on remuneration on page 123.

Implementation of Remuneration Policy for the year ahead

The Committee is aware of the ongoing inflationary pressures and the impact that this continues to have on our people and their families. When deciding the salary increase for the Group CEO, the Committee considered the budget for salary increases for the wider workforce. Focus has remained on addressing the remuneration of our lowest paid employees and we are engaging with several external bodies to advocate for progress in this area, including advocacy with clients for the payment of a real living wage.

The Committee determined that the base salary level for the Group CEO effective 1 January 2024 would be £1,160,000, representing a 5.9% increase. This is below the average increase for employees across the wider UK population which is expected to be around 8% during 2024. Although the Committee does not look at benchmarking data mechanistically, we are mindful of the positioning of the current package for our Group CEO, which is around 20% below the market median of our FTSE 30 peers (excluding financial services) notwithstanding his experience and track record of success.

The Committee approved the return of a profit growth measure within the 2024 annual bonus plan for the Group CEO and Group CFO, following the Group's return to profitable growth. This will replace the existing operating margin and revenue growth measures introduced during the COVID-19 period. To reflect the progress made in rolling out our food waste tracking technology to almost 8,000 sites in 2023, the food waste measure will evolve to measuring frequency of usage in 2024. It is envisaged that this approach will result in better ingredient usage, reducing food costs and Scope 3 GHG emissions.

In order to maintain the momentum on margin progression, the operating margin measure will remain in the plan for the Group COO, North America for this year. The bonus structure for the Group COO, North America remains broadly the same as 2023, however with the 5% Group operating margin element absorbed into the regional operating margin element, increasing the weighting on regional operating margin to 45%.

The Committee intends to grant LTIP awards at 400% of salary for the Group CEO and 350% of salary for other executive directors. During our extensive engagement with major shareholders this year, this quantum was supported and considered to be appropriate, taking into account the record performance achieved this year, the relatively modest market positioning of pay in a hot global talent market, and our continued commitment to ensuring that stretching targets are set and incentive outcomes are supported by the underlying performance of the Group.

Looking ahead

I would like to take this opportunity to thank our major shareholders, key institutional investor bodies, shareholder proxy agencies and other stakeholders for the time taken to engage with us during the year.

We welcome your feedback on all aspects of our approach to executive pay and I look forward to speaking with you further in the year ahead, as we formally embark on our 2025 Remuneration Policy review.

I hope that you will join the Board in supporting the resolution to approve the 2023 Directors' Remuneration report at the upcoming AGM. I remain available for any shareholders who wish to discuss any of the content set out in this Report ahead of the AGM.

John Bryant
Chair of the Remuneration Committee
20 November 2023

Committee summary

Activity during the year

The key activities of the Committee during 2023 are set out below. The Committee also monitors performance and regularly reviews discretionary matters relating to individuals below executive director level in connection with the Company's share plans. The Committee also agrees the terms of appointment and exit for executive directors and other members of the Executive Committee. The Committee held four meetings during the year, details of which are set out below:

November 2022

- reviewed salaries for the Executive Committee and executive directors effective 1 January 2023, taking into consideration the budgets for salary reviews across the Group
- determined performance outcomes for the 2019-2020 LTIP awards and 2021-2022 annual bonus plan
- set targets for the 2022-2023 annual bonus plan
- approved the structure and proposed quantum of the 2022-2023 LTIP awards
- considered the vesting of the deferred annual bonus share award for the former Group CFO
- considered the vesting of the Senior Manager Incentive Plan Plus (SMIPP) for US participants and approved the supplemental rules of the Deferred Bonus Plan for US participants
- approved the 2022 draft Directors' Remuneration report
- assessed share ownership compliance of directors against the share ownership guidelines

May 2023

- considered feedback from shareholder engagement following the 2023 AGM
- received an update on external remuneration trends and market practice from external advisers
- received a half-year update on the 2023 annual bonus performance
- received a half-year update on in-flight LTIP performance
- considered wider workforce remuneration practices via a detailed dashboard
- approved the mid-year 2022-2023 LTIP awards for leadership team participants below executive director level

August 2023

- considered contingency and succession planning arrangements as part of the Committee's ongoing succession planning activities

September 2023

- considered feedback from engagement with shareholders
- received an update on progress against 2022-2023 annual bonus targets and in-flight LTIP awards
- determined the structure and measures for the 2023-2024 LTIP awards and 2024 annual bonus plan
- reviewed the draft DRR for 2023
- reviewed the fee for the Chair of the Board
- reviewed the base salary for the Group CEO
- undertook the annual review of the terms of reference of the Committee

Governance

John Bryant succeeded Carol Arrowsmith as Chair of the Remuneration Committee at the conclusion of the 2023 AGM. Membership of the Committee comprises the Chair of the Committee and all the independent non-executive directors. Members are appointed by the Board following recommendation by the Nomination Committee. Biographies of Committee members can be found on pages 59 to 61. The Committee meets at least twice a year. The quorum necessary for a meeting is two. The Committee held four meetings during the year. The meeting attendance table can be found on page 69. 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 its meetings. The Group General Counsel and Company Secretary acts as Secretary to the Committee and attends all its meetings. The Group Chief People Officer and the Group Reward Director are invited to attend 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 circumstances where their attendance would not be appropriate. Details of the advisers to the Committee can be found on page 126.

The Committee seeks external legal or independent professional advice as it sees fit. The terms of reference of the Committee are reviewed annually and were last reviewed in September 2023 when minor changes were made. The terms of reference can be found on our website, www.compass-group.com.

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 drive 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 remuneration philosophy of the organisation when developing policy and considering executives' packages, monitoring the relationship between executive remuneration arrangements and those of the wider workforce. The Committee maintains an active dialogue with major shareholders and ensures their views and those of the proxy advisers are sought and considered when determining Remuneration Policy.

Structure and content of the report

This DRR has been prepared on behalf of the Board by the Committee in accordance with the requirements of the Companies Act, The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, The Companies (Miscellaneous Reporting) Regulations 2018 and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. The sections include:

- the Committee's key activities in the year, performance outcomes, and our engagement with shareholders, followed by an 'at a glance' summary of the remuneration decisions made during the year
- the 2022 Remuneration Policy effective 3 February 2022
- how the Policy was implemented during 2023 and how it will be implemented in 2024 (the Annual Remuneration report)

Auditable disclosures are the:

- executive directors' single total figure of remuneration (page 115)
- non-executive directors' remuneration (page 119)
- long-term incentive awards (page 121)
- extant equity incentive awards held by executive directors (page 122)
- directors' interests (page 123)
- director changes during the year (page 123)

Remuneration at a glance

Linking pay to performance

■ Bonus ■ LTIP

Organic revenue growth
- Organic revenue growth

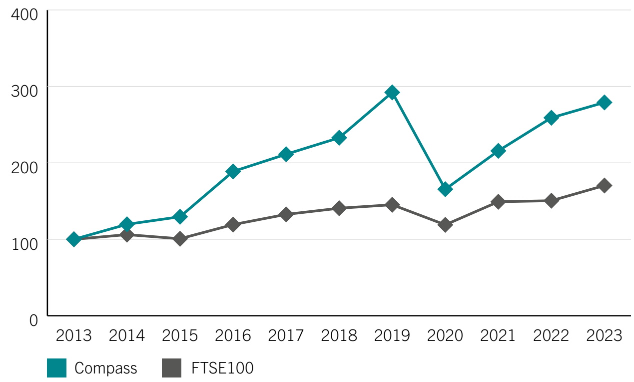
Operating efficiencies
- Operating margin
- Cash conversion
- Return on capital employed
- Adjusted free cash flow

Competitive advantage
- Workplace safety incident frequency rates
- Food safety incident rates
- Food waste

Shareholder returns
- Relative TSR

2023 performance highlights

Total shareholder return (TSR) – Compass vs FTSE 100 (£)



Total shareholder return

The performance graph shows the Company's TSR performance against the performance of the FTSE 100 over the 10-year period to 30 September 2023. 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.

Remuneration KPIs

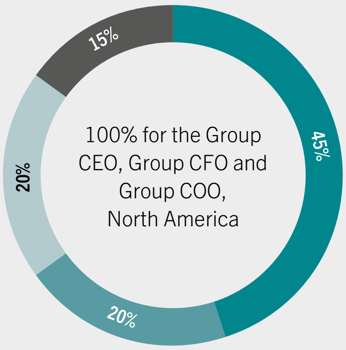
19%
Organic revenue growth

6.8%
Underlying operating margin

30%
Growth in underlying operating profit (on a constant-currency basis)

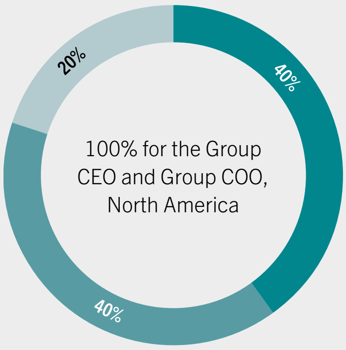
Remuneration outcomes in respect of 2023

2022-2023 annual bonus plan



Measure	Outcome
Operating margin	100%
Cash conversion	100%
Organic revenue growth	100%
ESG	100%

2020-2021 LTIP award



Measure	Outcome
ROCE	100%
AFCF	100%
Relative TSR	100%

The 2020-2021 LTIP award granted to Palmer Brown pre-dates his appointment as an executive director.

2022-2023 single total figure of remuneration

Dominic Blakemore

23	£7,494k
22	£3,299k

Palmer Brown

23	£2,271k
22	£2,191k

Gary Green

23	£7,333k
22	£3,338k

The increase in the single total figure of remuneration for 2023 reflects the Group's exceptional performance in 2023, where record levels of performance have been achieved in many areas, and the strong shareholder returns delivered.

Remuneration Policy summary

The below table sets out a summary of our Remuneration Policy for executive and non-executive directors, as approved by shareholders at the 2022 AGM, as well as its proposed implementation for 2024.

Summary Remuneration Policy for executive directors

Element and summary of policy	Implementation for 2024
Fixed pay	
Base salary Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year.	2024 base salary levels: – Dominic Blakemore: £1,160,000 (5.9% increase effective 1 January 2024) – Petros Parras: £740,000 (effective 1 December 2023 on appointment as Group CFO) – Palmer Brown: $1,400,000 (effective 1 December 2023 on appointment as Group COO, North America) The average increase for employees across the wider UK workforce is expected to be around 8% during 2024.
Benefits and pension Benefits include, but are not limited to, healthcare for executive directors and their dependants, limited financial advice, life assurance and car benefit. Pension cash allowances are aligned to the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary).	No change in benefits or pension arrangements for 2024.
Variable pay	
Annual bonus plan The maximum award for the Group CEO is 200% of base salary and for the other executive directors is 150% of base salary. One-third of the bonus for executive directors is subject to mandatory deferral into shares, for a period of three years. Awards are subject to malus and clawback.	The measures and weightings for the 2024 bonus will be as follows: **Group CEO and Group CFO** (Group measures): Profit growth 60% Cash conversion 25% ESG 15% **Group COO, North America** (Regional measures): Operating margin 45% Cash conversion 20% Organic revenue growth 20% ESG 15%
Long-term Incentive Plan Maximum opportunity of 400% of salary for the Group CEO and 350% of salary for other executive directors. Company performance measured by ROCE, AFCF and relative TSR. A two-year holding period applies following the three-year performance period. Awards are subject to malus and clawback.	Performance measures and targets for 2023-2024 LTIP award: (see table below)
Shareholding requirements 4x base salary minimum shareholding requirement for the Group CEO and 3.5x base salary for other executive directors. Executive directors are required 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.	No change. Dominic Blakemore has met his shareholding requirement. Petros Parras and Palmer Brown continue to build their shareholding in line with our Share Ownership Guidelines Policy.

Performance measures and targets for 2023-2024 LTIP award:

Measure	Weighting	Threshold	Target	Maximum
ROCE	40%	18.47%	19.07%	19.67%
Vesting		0%	50%	100%
AFCF	40%	$4,355m	$4,633m	$4,911m
Vesting		0%	50%	100%
Relative TSR	20%	Median	–	Upper quartile
Vesting		25%		100%

Summary Remuneration Policy for non-executive directors

Chair of the Board and non-executive director fees

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.

Fees for non-executive directors for 2024:

Chair of the Board fee	£595,900 (5.9% increase)
Non-executive director base fee	£99,575 (5.9% increase)
Senior Independent Director fee	£30,000 (no increase)
Committee Chair fee	£30,000 (no increase)

Engagement with shareholders

Development of our current approach to pay

Key factors considered when developing our Remuneration Policy:

- **global competitiveness** – considering practice when compared to companies of a similar financial and operational size, global footprint and business complexity, and the 'hot' market for talent in our sector
- **shareholders' best interests** – it is important for us to retain our executives' skills, capabilities and deep sector experience at a key time in our recovery and address the significant challenge of rewarding our executives fairly for delivering a strong recovery from COVID-19
- **pay for performance** – commitment to ensuring incentive outcomes are supported by the underlying performance of the business
- **market positioning** – overall package for the Group CEO remains positioned at just below the lower quartile of the FTSE 30 (excluding financial services), notwithstanding that the current market capitalisation places the Company amongst the largest 15 companies in the FTSE 100
- **balanced approach** – increases to incentive opportunity were introduced in 2022 alongside best practice remuneration features (e.g. mandatory bonus deferral and increased shareholding guidelines)

The Policy approved by shareholders in 2022 included an increase to long-term incentive award levels. While such increases need to be approached with caution, the Committee was mindful of the commercial challenges and the need to safeguard long-term shareholder interests.

In developing the Remuneration Policy, the Committee consulted extensively with our largest shareholders prior to the 2022 AGM. The feedback received helped the Committee to shape its final proposals.

In advance of the 2022 AGM, the Committee had a clear understanding that, while the approach had the support of the majority of our investors, there was a minority who were unsupportive of the proposed changes at that time and that this would be reflected in the voting outcome at the AGM.

After careful consideration of all feedback, the Remuneration Committee concluded that the proposed approach was in the long-term interests of the Company and of its shareholders.

The Committee therefore adopted and subsequently implemented the Remuneration Policy approved by shareholders at the 2022 AGM.

Since that time, we have maintained dialogue with major shareholders on executive pay, particularly with those who did not support the Remuneration Policy, with further engagement in the spring of 2022, and in early 2023, including a comprehensive engagement exercise in advance of the 2023 AGM, when it was apparent that investor sentiment remained mixed.

The majority of shareholders, and two of the most prominent voting advisory bodies, were supportive of the 2023 DRR. A minority of shareholders were influenced by another influential voting advisory body that was opposed to the resolution, with concerns primarily relating to the Policy approved at the 2022 AGM.

Notably, not all the shareholder dissent was against the increase in LTIP quantum; indeed, the largest single vote against the Remuneration Policy in 2022, and against the Remuneration Report in 2023, was partly influenced by a view that the incentive opportunities were not high enough.

Engagement has repeatedly demonstrated that there are mixed views across our shareholder base, and the basis for voting differs across the register. In this context, building unanimous support has remained challenging.

Following the AGM in 2023, we continued our engagement throughout the year, writing to our 100 largest shareholders and requesting to meet with our largest 30 shareholders, representing almost two-thirds of the share register. Meetings took place with five shareholders representing 20% of issued share capital, and the three main proxy advisers.

During this engagement exercise, we were pleased to note that shareholders are largely supportive of our approach to executive remuneration. Shareholders have welcomed the progression of environmental, social and governance (ESG) targets (food safety, workplace safety and food waste) within our short-term incentive plan. Shareholders were also pleased with the Committee's decision not to exercise positive discretion in respect of the vesting of three consecutive LTIP awards, which all lapsed in full over 2020 to 2022 inclusive, and that they were given the opportunity to contribute to the Committee's deliberations on this matter. We have also received feedback on the performance measures within both our short and long-term incentive plans and have committed to reviewing these during 2024 as part of our 2025 Remuneration Policy review.

Discussions with shareholders have not been limited to executive pay. We have listened to shareholder requests to better understand our practices more broadly in respect of employees in the Group and have held detailed conversations on our approach. This has included the pledge of our UK & Ireland business to address and to disclose pay gaps, e.g. the UK gender pay gap is below the UK national average and the UK ethnicity pay gap is negative, i.e. reflecting a higher representation of ethnic minorities working in locations and roles which are higher paid.

We have also discussed our UK business' accreditation as a Real Living Wage Service Provider and, more generally, its advocacy to clients and prospective clients for payment of the Real Living Wage. We have also discussed how we have been proactive in providing additional support to employees, and to those in the communities in which we operate. We provide significant support to employees, promoting mental health and wellbeing, providing financial education and support as well as free food in many locations. We are pleased that our approach aligns with best practice shareholder guidelines and evolving shareholder views. We also committed to broadening our disclosure in these areas in our 2023 Remuneration Report which is set out on pages 105 to 106.

As noted in the Committee Chair's statement, we are committed to a constructive dialogue with shareholders and the input provided continues to influence the decisions taken by the Committee. We will continue to invest time in understanding the differing viewpoints before making executive pay decisions.

Shareholder engagement timeline

2021 AGM

May 2021

Engagement with shareholders in respect of the impact of COVID-19 on our incentive arrangements: Engaged with top 20 shareholders representing almost 50% of our Issued Share Capital (ISC).

July 2021

Engagement with shareholders as we developed our 2022 Remuneration Policy: Engaged with c.30 major shareholders representing over 60% of our ISC, outlining our proposed approach.

September and October 2021

Engagement with shareholders as we developed our Remuneration Policy: Second round of engagement on our proposals with our top 40 shareholders representing c.70% of our ISC. Follow-up calls with shareholders requesting a meeting.

2022 AGM

January to February 2022

Engagement in the lead-up to 2022 AGM: Calls with over 100 shareholders representing over 90% of our ISC.

March 2022

Engagement post 2022 AGM: Letter sent to 25 shareholders representing around half of our ISC offering further engagement.

November 2022 to January 2023

Engagement with shareholders on the implementation of our Remuneration Policy: Letter sent to top 100 shareholders to summarise the key decisions taken by the Committee in the year. Follow-up calls with shareholders to explain our proposed approach.

January 2023

Engagement in lead-up to 2023 AGM: Calls with top 100 shareholders representing almost 90% of our ISC.

2023 AGM

New Remuneration Committee Chair appointed

February 2023

Engagement post 2023 AGM: Letter sent to top 100 shareholders representing almost 90% of our share register to introduce the new Remuneration Committee Chair. Offer of a meeting to top 30 shareholders, representing almost two-thirds of our ISC.

March to September 2023

Engagement post 2023 AGM: Meetings held with five major shareholders representing c.20% of our ISC, plus three main proxy advisers. Shareholder feedback shared with Remuneration Committee at its September meeting.

October 2023

Engagement on Board changes: Letter sent to top 30 shareholders setting out the remuneration arrangements for Palmer Brown and Petros Parras, the retirement terms for Gary Green and a broader remuneration update.

2024 AGM

We will be engaging with our shareholders again in the lead up to the 2024 AGM and over the course of 2024 and 2025 as we begin to review our Remuneration Policy in advance of its approval at the 2025 AGM.

Remuneration in the wider context

Engaging with our employees

Our people are at the heart of our business and we want our employees to thrive in a fair and inclusive work environment. Understanding their needs and motivations helps to provide a great place to work and to drive business performance.

Engagement with our employees takes many forms, including surveys, roundtables, townhall meetings, Speak Up, We're Listening reports, and initiatives in conjunction with trade unions and other employee consultative bodies. Our Designated Non-Executive Director for Workforce Engagement, Ireena Vittal, also holds regular roundtable discussions with employees from around the Group, gathering colleagues' views and sharing feedback with the Board.

Pages 74 to 79 provide an overview of how we engaged with employees and other stakeholders in 2023.

Details of the roundtable sessions are set out on page 75.

Our employee dashboard

When considering executive remuneration and setting the Remuneration Policy, the Committee takes into consideration the wider workforce. A detailed employee landscape dashboard was presented to the Committee at its May 2023 meeting. The dashboard covered the following areas:

Employee landscape dashboard

<table>
<tr><td>Inflationary pressures</td><td>Throughout the year, we continued to monitor the inflationary pressures faced by many employees in the Group and made tactical changes where appropriate to help mitigate the impact. For example:

– Our UK&I business:

  – is a Living Wage recognised service provider
  – brought forward the implementation of 2023 salary increases to November 2022 (from January and April 2023)
  – provided around 200,000 free meals for colleagues each week
  – provided enhanced access to loans for individuals who wouldn't ordinarily be eligible, and access to early pay-days
  – provided access to a Helping Hands fund to support with emergency and unexpected payments
  – introduced financial education seminars covering money management, Compass benefits, savings and investments and retirement planning

– in markets with high inflation such as Türkiye, in keeping with local market practice, our local businesses operated additional salary reviews during the year to try to mitigate the impact of inflation
– for colleagues in North America, 50% of earned wages can be accessed in advance of pay-day, helping them to manage their finances more effectively</td></tr>
<tr><td>Minimum and Living Wage</td><td>Compass Group UK&I is a Living Wage Recognised Service Provider, meaning all directly-employed staff are paid at least the Real Living Wage. They also offer a Living Wage option in every client bid that is made. The UK&I business has made real progress tackling low pay across the UK, with an extra 20,000 colleagues being paid the Real Living Wage or above since October 2021. During the year, Compass Group UK&I won the prestigious Living Wage Champion Award in the Recognised Service Provider Category at the Living Wage Foundation annual awards.</td></tr>
<tr><td>Gender and ethnicity pay gap</td><td>The Compass UK gender pay gap in 2022 reduced by a quarter from 16.6% to 12.6%, which is below the national average of 14.9%. In addition, the median bonus gap reduced from 29.4% to 7.1%. When addressing the gender pay gap, the UK&I business has two clear areas of focus: (i) to continue increasing female representation in leadership; and (ii) to increase pay for its lowest paid, including the part-time front line workforce which is predominantly made up of women.

The Compass UK ethnicity pay gap was published for the first time in 2022, and our UK&I business started with a median ethnic minority pay gap of -7.9% reflecting a higher representation of ethnic minorities working in locations and roles which are higher paid. However, there is more work to do to increase representation of ethnic minorities at senior leadership and management levels, including targets to promote social and economic mobility.</td></tr>
<tr><td>CEO pay ratio</td><td>The Committee reviews the CEO pay ratio and the reasons for any movement in the ratio each year. Further detail can be found on page 124.</td></tr>
<tr><td>Pay across the organisation</td><td>This year the Committee has overseen an increase in the number of participants in our Long-term Incentive Plan and an increase in the maximum value of awards, in order to improve alignment with market practice.

We have a consistent annual bonus plan across our leadership team, with outcomes in the 2023 financial year based on local, regional and Group performance.

Further detail on our approach to remuneration below Board level is set out overleaf.</td></tr>
</table>

Remuneration in the wider context continued

Compass North America: Health Is Wealth series

Health Is Wealth is a year-long series by Compass Group North America's Diversity, Equity & Inclusion team, which promotes the health and wellbeing of associates. Every week, the team sent eblasts – emailed insights pieces – across Compass Group North America. The themes included mental health, physical health, financial health and nutritional health.

EAP: Life outside work is important, so we want to make sure it's meaningful and rewarding. In the US, the Employee Assistance Program (EAP) provides support to guide employees through personal challenges, such as life transitions and family, financial and legal problems. It also offers support and strategies to help people manage stress and anxiety, and to find suitable childcare, eldercare, special needs services, and more.

Associate testimonial: *"They really made me feel special and needed. Most people don't ask for help, but the EAP advocates followed-up with me and made me feel special. We need more support like this in this world. Thank you."*

Even Same Day Pay: Our US business aims to offer total rewards that meet real needs. In the US, one of its financial wellbeing programmes enables employees to access earned wages in advance of pay-day, which can help them manage their finances more effectively.

As of May 2023, employees have accessed more than $58 million in wages in advance of pay-day and established savings of over $3.8 million. Associates paid hourly are also taking full advantage of both the pay advance and savings features of the programme. Through signup information, we can see that the number of participants in the programme has doubled year on year. For those employees participating, turnover is running on average 10% lower compared to non-participants, indicating that it is a valued programme.

Alignment of executive and workforce remuneration

Component	Executive directors	Below Board level
Base pay	Salary increases as a percentage of salary are normally aligned with, or lower than, the average percentage increase for the wider UK population. For 2024, the Group CEO will receive a salary increase of 5.9%.	The average salary increase for employees across the wider UK population is expected to be around 8% during 2024.
Benefits	Benefits are aligned to market practice.	Core employee benefits are competitive and reflect local market practice.
Pension	Pension allowance of 6% of base salary, which is aligned with the maximum rate available to the majority of the wider UK workforce.	Pension arrangements reflect local market practices and requirements. The maximum rate available to the majority of the wider UK workforce is currently 6% of salary.
Annual bonus	Maximum annual bonus opportunity of 200% of base salary for the Group CEO and 150% of base salary for other executive directors. Annual bonus is subject to performance against financial and ESG-related performance measures. One-third of any bonus earned by executive directors is deferred into shares for three years.	Annual bonus opportunities vary by role. For the Global Leadership team, the principles of the annual bonus plans are consistent with those for executive directors. They include financial performance targets based on the agreed budget, where target bonus is normally calibrated for the delivery of budget. Alternative annual bonus structures may be used below the Global Leadership team to meet local requirements and regulations, such as profit-sharing or role-focused arrangements (e.g. sales or procurement targets).
Long-term incentives	Maximum Long-term Incentive Plan opportunity of 400% of base salary for the Group CEO and 350% of base salary for other executive directors. Long-term Incentive Plan awards are subject to performance against financial targets measured over a three-year period, followed by a two-year holding period. The executive directors are required 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.	The Long-term Incentive Plan is in place across the Executive Committee and the Global Leadership team. Eligibility is determined by role and individual contribution. Long-term incentive awards were made to almost 400 of our senior leaders in 2023. We also operate a Restricted Share Plan below executive director level, which supports recruitment and retention. Awards are typically made four times a year in March, June, September and December.

Remuneration Policy

This section of the Report sets out the Company's Remuneration Policy with some minor amendments made to update references, where appropriate. We consulted with shareholders extensively during 2021 when the 2022 Policy was being formulated, and further engaged with shareholders following the 2022 and 2023 AGMs. The Policy applied with effect from 3 February 2022 when it was approved by shareholders at the Company's AGM and is intended to apply until 2025.

The 2022 Policy has been 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 using 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 endorses a transparent approach to pay, by engaging regularly with executives, shareholders and their representative bodies 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 incentive plans to ensure they are easy to understand and avoid unnecessary complexity. Additionally, the Committee ensures there is sufficient flexibility to exercise discretion and override formulaic outcomes where necessary.

Risk – the Committee ensures a careful balance between competitive pay and performance-driven incentives, to mitigate any risk of excessive rewards or encouraging the wrong type of behaviours. There is an appropriate blend 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 holding period, shareholding requirement, malus and clawback provisions and mandatory deferral of a proportion of bonus 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 112 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 sustainable 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, executive director pension cash allowances are aligned to the maximum rate available to the majority of the wider UK workforce. 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%. Our measures are meaningful to our business, reflecting the importance of health and safety, and the impact of reducing food waste on the environment.

Remuneration Policy continued

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
Base salary Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business.	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.	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.	None.
Benefits and pension To provide a competitive level of benefits.	Benefits include but are not limited to: healthcare for executive directors and their dependants, limited financial advice, life assurance and car benefit. These are offered to executive directors as part of a competitive remuneration package. 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. 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.	The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value. For the Company's pension cash allowance (or pension contribution as appropriate), from 4 February 2021 the annual maximum was aligned to the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary). In line with the Policy, pension contributions for incumbent executive directors were aligned to this rate over time, with Dominic Blakemore and Gary Green's pension allowance reducing to 6% on 31 December 2022. Palmer Brown is eligible to participate in the local US arrangements, with Company contributions capped at 6% of salary.	None.

Component and link to strategy	Operation of component	Maximum opportunity	Performance measures
Annual bonus Incentivises and rewards the achievement of stretching one-year key performance targets set by the Committee at the start of each financial year.	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. The Committee retains discretion to adjust the bonus outcomes to ensure that they reflect underlying business performance. 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. One-third of the bonus for executive directors will be subject to mandatory deferral into shares, for a period of three years. Dividend equivalents may be accrued on deferred bonus shares.	Maximum bonus opportunity expressed as a percentage of base salary: – Group CEO: 200% – other executive directors: 150% No bonus is payable for performance below threshold level.	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. The performance measures and their percentage weightings may vary, depending upon a director's area of responsibility. 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. Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget. A bonus underpin may be operated so that the bonus outcome is reduced if the underpin performance is not met. Details of the specific measures and targets applying to each element of the bonus for 2023-2024 are shown in the Annual Remuneration Report on page 120.

Remuneration Policy continued

Component and link to strategy	Operation of component	Maximum opportunity	Performance measures
Long-term Incentive Plan (LTIP) Incentivises and rewards executive directors for the delivery of longer-term financial performance and shareholder value. Share-based to provide alignment with shareholder interests. **Return on capital employed (ROCE)** ROCE supports the strategic focus on growth and margin through ensuring that cash is reinvested to generate strong returns with capital discipline. **Adjusted free cash flow (AFCF)** The generation of cash is fundamental to the ongoing success of the Group and the use of AFCF as an LTIP performance measure directly aligns to this. **Relative total shareholder return (TSR)** TSR provides direct alignment between the interests of executive directors and shareholders.	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. Calculations of the achievement of the targets are independently assessed and are approved by the Committee. The Committee will consider the Group's underlying performance over the performance period and has discretion to adjust the final vesting level to take this into account. Dividend equivalents may be accrued on the shares earned from LTIP awards. 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. 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 the awards' release. 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.	Awards may be made at the following levels of salary: – Group CEO: 400% – other executive directors: 350% 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. The element of an award based on relative TSR will vest in full for top-quartile performance 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.	Performance is measured over three financial years. Performance measures for the 2023-2024 award are ROCE, AFCF and relative TSR, applying 40%, 40% and 20% respectively. 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. Details of the targets for the LTIP award to be made in 2023-2024 are set out as required in the Annual Remuneration Report on page 121. 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.

Incentive plans

The LTIP described in the table on page 110 (known as The Compass Group PLC Long-term Incentive Plan 2018) is the primary form of equity incentive for executive directors.

Dilution limits

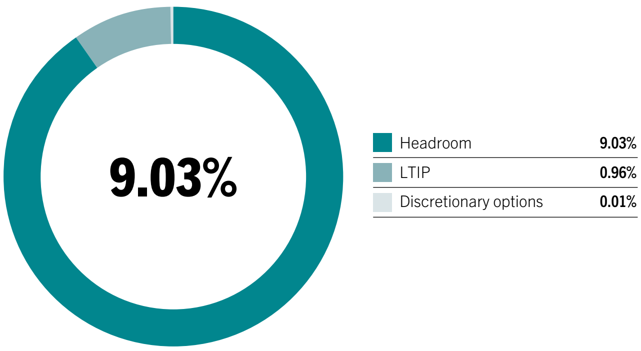
All of the Company's equity-based incentive plans incorporate the current Investment Association's Principles of Remuneration (the Principles) on headroom which provide that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital (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 2023, the Company held 70,170,859 treasury shares. During the 2023 financial year, 800,000 shares were purchased in the market by the trustees of The Compass Group PLC All Share Schemes Trust. 1,343,592 treasury shares and 448,686 market-purchased shares were used in the year to satisfy the Company's obligations under the Group's employee equity incentive schemes.

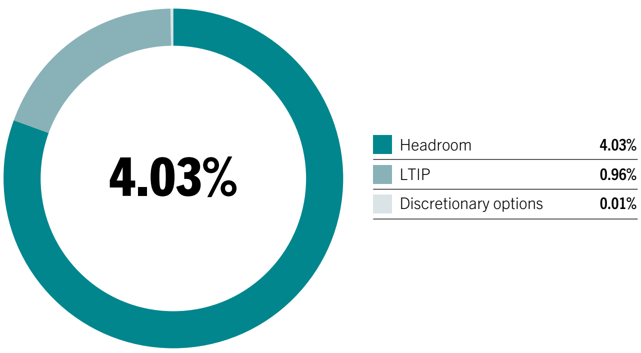
As at 30 September 2023, the Company's headroom position, which remains within the current Principles, was as shown in the charts below:

Headroom as at 30 September 2023

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 2022 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 the 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 123, together with the extent to which each of the directors has complied with the share ownership guidelines as at 30 September 2023.

Remuneration Policy continued

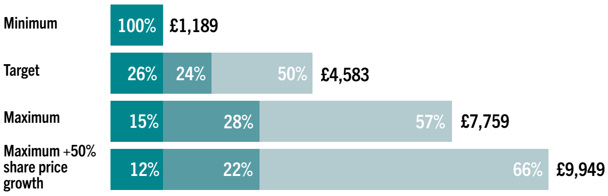
Illustrations of application of the 2022 Remuneration Policy

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

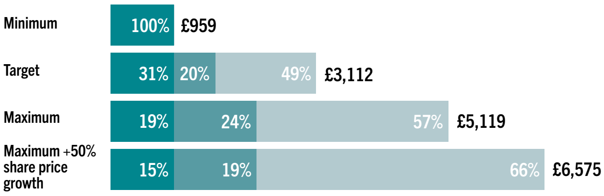
Dominic Blakemore, Group CEO

£000



Palmer Brown, Group CFO[1]

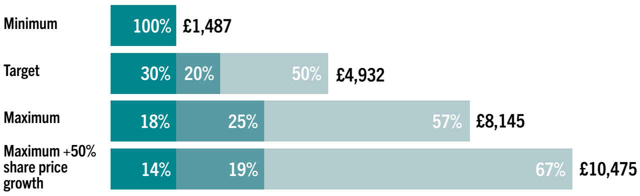
£000



1. Palmer Brown is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of $1.2217/£1.

Gary Green, Group COO, North America[2]

£000



2. Gary Green is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of $1.2217/£1.

Fixed pay   Annual bonus   LTIP

The scenarios in the graphs are as follows:

- fixed pay includes:
  - annual base salary as at 1 October 2023
  - value of benefits as noted in the single figure table on page 115 for the Group CEO and Group COO, North America. The Group CFO received assignment benefits during 2023, therefore an amount has been included in the scenario charts which reflects a more usual benefit provision
  - pension cash allowance as at 1 October 2023
- annual bonus shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively
- LTIP 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 and 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.

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
Remuneration	– base salary, pension and benefits – car benefit – family private health insurance – life assurance – financial planning advice – minimum of 25 days' paid annual leave – participation in the annual bonus plan, subject to plan rules – participation in the LTIP, subject to plan rules
Change of control	– no special contractual provisions apply in the event of a change of control
Notice period	– 12 months' notice from the Company – 6 months' notice from the director (12 months from Dominic Blakemore)
Termination payment	Payment in lieu of notice equal to 12 months: – base salary – pension supplement – 10% of base salary in respect of benefits 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
Restrictive covenants	– during employment and for 12 months after leaving

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, Palmer Brown and Petros Parras 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 2023
Dominic Blakemore	12 Dec 2011 7 Nov 2017[1]	11 years, 7 months
Palmer Brown	3 Oct 2021 21 Sep 2023[2]	2 years, 0 months
Gary Green	29 Dec 2006 27 Nov 2007[3]	16 years, 9 months

1. Appointment was formally revised from 1 October 2017.
2. Appointment was formally revised with effect from 1 December 2023.
3. Appointment was formally revised from 1 November 2007.

Remuneration Policy continued

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. Following a recommendation by the Nomination Committee, which was approved by the Board, Ian's appointment was renewed on 9 May 2023 for a further period of three years. The fee paid to Ian Meakins for 2023 is set out on page 119.

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 in respect of the 2023 financial year are set out on page 119.

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 below, together with the dates on which their appointments have been formally revised.

Non-executive director	Original date of appointment	Letter of engagement[1]	Total length of service as at 30 Sep 2023
Carol Arrowsmith	1 Jun 2014	14 May 2014 8 Mar 2017[1] 19 Mar 2020[1] 9 May 2023[1]	9 years, 4 months
Stefan Bomhard	5 May 2016	5 May 2016 13 Mar 2019[1] 17 Mar 2022[1]	7 years, 4 months
John Bryant	1 Sep 2018	17 May 2018 12 May 2021[1]	5 years, 1 month
Arlene Isaacs-Lowe	1 Nov 2021	22 Oct 2021	1 year, 11 months
Ian Meakins	1 Sep 2020	17 Aug 2020 9 May 2023[1]	3 years, 1 month
Anne-Françoise Nesmes	1 Jul 2018	17 May 2018 12 May 2021[1]	5 years, 3 months
Sundar Raman	1 Jan 2022	22 Oct 2021	1 year, 9 months
Nelson Silva	16 Jul 2015	16 Jul 2015 8 Mar 2018[1] 19 Mar 2021[1]	8 years, 2 months
Ireena Vittal	16 Jul 2015	16 Jul 2015 8 Mar 2018[1] 19 Mar 2021[1]	8 years, 2 months
Leanne Wood	4 May 2023	4 May 2023	0 years, 5 months

1. Date of letter of engagement.

Remuneration report

Implementation of the 2022 Policy during the year ended 30 September 2023

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 2023.

	Dominic Blakemore		Palmer Brown[4,5]		Gary Green[5]	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Fixed pay						
Base salary	**1,083**	1,034	**821**	752	**1,315**	1,200
Taxable benefits[1]	**28**	59	**153**	250	**75**	67
Pension	**75**	116	**49**	51	**121**	249
Total fixed pay	**1,186**	1,209	**1,023**	1,053	**1,511**	1,516
Performance-related pay						
Bonus[2]	**2,190**	2,090	**1,248**	1,138	**1,997**	1,822
LTIP[3]	**4,118**	–	**–**	–	**3,825**	–
Total variable pay	**6,308**	2,090	**1,248**	1,138	**5,822**	1,822
Single total figure of remuneration	**7,494**	3,299	**2,271**	2,191	**7,333**	3,338

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 2022 and 2023 received benefits relating to his assignment which are included in the figures above.
2. Two-thirds of the 2022-2023 bonus for executive directors will be paid in cash with the remaining one-third being deferred into shares. Details of the performance achieved for the 2022-2023 bonus is shown on pages 116 to 117.
3. The 2020-2021 LTIP award will vest in November 2023. Details of the performance measures and performance achieved are shown on pages 117 to 118. The amount presented includes the value of accrued dividend-equivalent shares. The values attributed to share price growth for Dominic Blakemore and Gary Green were £1,331k and £1,236k respectively.
4. The base salary, taxable benefits and pension figures for Palmer Brown for 2022 are pro-rated for his time in office during the year.
5. Palmer Brown and Gary Green's base salary and other emoluments for the year are shown in sterling at an exchange rate of $1.2217/£1 (2022: $1.2785/£1).

Base salary

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 comparable size, scale and complexity and also took into account the average salary increase in the wider employee population. The base salary increase percentage for each executive director was lower than the average percentage increase for the wider UK population.

The annual base salary for each executive director for the year ended 30 September 2023 is set out below:

Director	Base salary	Effective date
Dominic Blakemore	£1,095,000	1 January 2023
Palmer Brown	$1,016,500	1 January 2023
Gary Green	$1,626,870	1 January 2023

Pensions

At 30 September 2023, 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 was reduced on a phased basis and by 31 December 2022 aligned with the maximum rate available to the majority of the wider UK workforce, which is currently 6%. When Palmer Brown was appointed as Group CFO, he was appointed with a pension cash allowance of 6% of base salary. The pension cash allowance for Dominic Blakemore and Gary Green reduced as set out below, with the 31 December 2022 change representing the final reduction:

Director	Pension cash allowance effective 1 Oct 2022	Pension cash allowance effective 31 Dec 2022	Average pension cash allowance received during the year
Dominic Blakemore	10%	6%	7.0%
Gary Green	18%	6%	9.2%

Remuneration report continued

Annual bonus plans

2022-2023 bonus

The bonus targets and outcomes for the year ended 30 September 2023 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.

Structure

The bonus plan for 2022-2023 was designed to align the plan to the Group's strategy for growth and to establish targets that were achievable, fair and within management's control.

The bonus structure for 2022-2023 is set out below:

Category and weighting of category	Measure[1]	Description of measure	Weighting
Financial measures (85%)	Operating margin	This is an important measure of the efficiency of the Group's operations in delivering great food and support services to our clients and consumers.	45%
	Cash conversion	This demonstrates the Group's ability to convert profit into cash. Regardless of absolute profit, it aims to ensure a certain conversion rate is achieved and incorporates key levers under management control.	20%
	Organic revenue growth	This embodies the Group's success in growing and retaining the Group's customer base, as well as its ability to drive volumes in its existing business and maintain appropriate pricing levels that take into account input cost inflation.	20%
Environmental, social & governance (ESG) measures (15%)	Lost Time Incident Frequency Rate (LTIFR)	A reduction in lost time incidents is an important measure of the effectiveness of the Group's safety culture. It also lowers rates of absenteeism and costs associated with work-related injuries and illnesses.	5%
	Food Safety Incident Rate (FSIR)	Food safety is a measure of the Group's ability to provide food that is safe and of the right quality to its consumers globally.	5%
	Food waste technology deployment	Food waste is a key contributor to carbon emissions. Reducing this also has a high correlation with operating margin improvement. Raising awareness through measurement will help to drive a significant reduction in food waste.	5%
	Total		**100%**

1. All measures are assessed at a Group level except for the bonus for Gary Green, where all measures (save for 5% of Group operating margin) are measured by reference to regional North America performance.

Performance measures and targets

The outcomes against the annual bonus targets for 2023 are set out below. 0% of the bonus is paid at minimum performance, 50% at par performance, and 100% at maximum performance.

Dominic Blakemore and Palmer Brown

Measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved	% of performance target achieved
Group operating margin[2]	45%	6.10%	6.40%	6.70%	6.75%	100%
Group organic revenue growth[3]	20%	5.00%	8.20%	11.40%	19.42%	100%
Group cash conversion[4]	20%	75.00%	79.10%	81.10%	85.79%	100%

	Weighting	Limit	Achieved	% of performance target achieved
Group Lost Time Incident Frequency Rate	5%	2.60	1.98	100%
Group Food Safety Incident Rate	5%	0.20	0.15	100%

	Weighting	Minimum	Par (target)	Maximum	Achieved	% of performance target achieved
Group food waste (number of sites with technology deployed)	5%	5,600	5,800	6,000	7,943	100%
Total						**100%**

Gary Green

Measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved	% of performance target achieved
Group operating margin[2]	5%	6.10%	6.40%	6.70%	6.75%	100%
North America operating margin[2]	40%	7.20%	7.50%	7.80%	7.84%	100%
North America organic revenue growth[3]	20%	5.70%	9.70%	10.70%	17.43%	100%
North America cash conversion[4]	20%	80.50%	84.50%	86.50%	89.45%	100%

	Weighting	Limit	Achieved	% of performance target achieved
North America Lost Time Incident Frequency Rate	5%	4.17	2.78	100%
North America Food Safety Incident Rate	5%	0.08	0.05	100%

	Weighting	Minimum	Par (target)	Maximum	Achieved	% of performance target achieved
North America food waste (number of sites with technology deployed)	5%	2,850	2,950	3,050	3,280	100%
Total						**100%**

	Dominic Blakemore	Palmer Brown	Gary Green
Value of bonus[5]	**£2,190,000**	**$1,524,750**	**$2,440,305**

Notes to bonus table:

1. Financial targets for 2022-2023 bonus purposes are all set and measured at 2023 foreign exchange budget rates, not actual rates.
2. Operating margin is underlying operating profit divided by underlying revenue.
3. Organic revenue growth is underlying revenue excluding businesses acquired, sold and closed in the year.
4. Cash conversion is underlying operating cash flow divided by underlying operating profit expressed as a percentage.
5. One-third of the value of the bonus for each executive director will be deferred into shares.

Long-term Incentive Plan awards

Scheme interests vesting during the year

2020-2021 LTIP award

Awards were made to Dominic Blakemore and Gary Green in December 2020 which were subject to the achievement of three-year performance targets for the year ended 30 September 2023. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. The definitions are set out in the table below:

Measure	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.
AFCF	The definition aims to measure the cash generation of the Group and is calculated as the three-year cumulative underlying free cash flow 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).

Shareholder experience over the three-year performance period has been extremely positive. The share price at the time of grant in December 2020 was £13.78. The average share price over the last three months of the performance period, upon which the TSR calculations are based, was £20.36. Compass ended the performance period ranked 10th of the 73 companies that remain within the comparator group. As this position is within the upper quartile of the comparator group, the proportion of shares subject to the TSR performance condition will vest in full.

AFCF for the period was £2,890m and the business delivered ROCE of 17.44%. Our adjusted free cash flow performance over the three-year period exceeded our target ranges and has far exceeded any reasonable forecast when the targets were originally set. As a result of our strong performance over the three-year performance period, the 2020-2021 LTIP award will vest in full.

Prior to grant, the Committee scaled back the award levels by 30% of salary for Dominic Blakemore and 25% of salary for Gary Green and the former Group CFO, Karen Witts, to take into account the fall in the share price as a consequence of the impact of the COVID-19 pandemic on the business.

In undertaking the review of outcomes of the incentive awards to ensure they are supported by the underlying performance of the Company, the Committee noted that both the annual incentive outcome and the vesting level of the LTIP reflected the Group's strong recovery from the COVID-19 pandemic, with revenue surpassing its pre-COVID level this year, underlying operating profit exceeding £2 billion and the share price reaching an all-time high of £22.50 during 2023. The Committee decided not to exercise any positive discretion in respect of the previous three long-term incentive outcomes, although it was arguable that during the latter two years, the success of the business recovery and the growth trajectory could have justified a modest level of vesting.

Remuneration report continued

Historically, the Committee has taken a disciplined approach and continues to take a robust view in respect of the awards vesting in 2023. In addition to the formulaic outcome, the Committee considered the level of vesting on both an absolute and relative basis, including conducting a detailed review of performance against its principal competitors at multiple points within the performance period. The Committee has reviewed the performance through a number of different lenses and on that basis, following a thorough evaluation, the Committee is satisfied that the performance levels achieved justify the vesting level.

The targets and outcomes for the 2020-2021 LTIP award are set out below:

ROCE (40% weighting)

Level of performance	Threshold	Maximum	Achieved
Vesting % of component	0%	100%	100%
As at date of award	12.56%	13.56%	
Reconciled at the end of the performance period[1]	12.67%	13.67%	17.44%

AFCF (40% weighting)

Level of performance	Threshold	Maximum	Achieved[2]
Vesting % of component	0%	100%	100%
AFCF	£1,215m	£1,485m	£2,890m

Relative TSR (20% weighting)

Level of performance	Below median	Median	Upper quartile	Achieved[3]
Vesting % of component	0%	25%	100%	100%

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. The Committee applied the established framework to deal with items that were unforeseen at the time the targets were set in May 2021 and which were in the long-term interests of shareholders. AFCF was adjusted to exclude the impact of a significant contract renegotiation in the North America business. This adjustment did not have any impact on the level of vesting under the award.
3. TSR ranking was 10th out of the 73 constituents in the comparator group, resulting in upper quartile performance.

Details of awards held for each executive director are set out below:

	Performance conditions						
Director	ROCE % vested on maturity	AFCF % vested on maturity	TSR % vested on maturity	Number of shares awarded	Number of shares vested	Number of dividend equivalent shares	Value of shares on vesting £000[1]
Dominic Blakemore	100%	100%	100%	195,907	195,907	6,378	£4,118
Gary Green	100%	100%	100%	181,939	181,939	5,923	£3,825

1. The indicative value of the shares on vesting has been calculated by reference to the average market price of Compass Group PLC shares over the three months from 1 July 2023 to 30 September 2023 of £20.359 per share. Dividend equivalent shares accrued throughout the performance period and are included in the value of shares on vesting.
2. Palmer Brown received an award of 57,136 shares in respect of the 2020-2021 LTIP prior to his appointment as an executive director. The award was subject to the same performance conditions as detailed above, and the award, including 1,860 dividend equivalent shares will vest in full. The estimated value of the award is £1,201k.

Scheme interests awarded during the year

2022-2023 LTIP award

On 1 December 2022, executive directors received a conditional award of shares which may vest after a three-year performance period which will end on 30 September 2025, based on the achievement of stretching performance conditions. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. Definitions of each of these measures are set out in the table on page 117.

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)[1]	Value of award £000	Number of shares awarded[2]
Dominic Blakemore	LTIP 2018	400%	4,180	225,966
Palmer Brown	LTIP 2018	350%	2,830[3]	152,979
Gary Green	LTIP 2018	350%	4,530[3]	244,904

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 1 December 2022, being £18.4983.
3. Face value of award was converted to sterling at the time of award at an exchange rate of $1.1997/£1.

Executive directors are required to hold vested awards for a period of two years following vesting 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. The targets under the 2022-2023 award are set out in the table below:

ROCE and AFCF

Level of performance	Vesting % of each component	ROCE	AFCF
Threshold	0%	17.33%	£2,897m
Par (target)	50%	17.83%	£3,049m
Maximum	100%	18.33%	£3,201m

TSR

Level of performance	Vesting % of each component
Below median	0%
Median	25%
Upper quartile	100%

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 2023 the fee paid was £562,500 per annum inclusive of any Board committee memberships.

Details of the amount received by Ian Meakins during the year ended 30 September 2023 is set out below:

Chair	Fees £000	Benefits £000	**Total 2023 £000**	Total 2022 £000
Ian Meakins	563	–	**563**	538

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 2023 was £94,000 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 Senior Independent Director.

Details of the amounts received by each of the non-executive directors in office for the year ended 30 September 2023 are set out below:

Non-executive director	Fees £000	Benefits[1] £000	**Total 2023 £000**	Total 2022 £000
Carol Arrowsmith[2]	105	12	**117**	120
Stefan Bomhard	94	3	**97**	91
John Bryant[2,3]	137	19	**156**	122
Arlene Isaacs-Lowe[4]	94	25	**119**	86
Anne-Françoise Nesmes[3]	130	2	**132**	120
Sundar Raman[4]	94	4	**98**	68
Nelson Silva	124	6	**130**	122
Ireena Vittal	94	13	**107**	90
Leanne Wood[5]	39	–	**39**	–

1. Travel costs relating to attendance at Board meetings held in the UK are treated as a benefit.
2. Carol Arrowsmith stepped down as the Chair of the Remuneration Committee at the conclusion of the 2023 AGM. She was succeeded by John Bryant, and their respective fees for 2023 reflect these changes.
3. John Bryant stepped down as Senior Independent Director on 20 July 2023. He was succeeded by Anne-Françoise Nesmes, and their respective fees for 2023 reflect these changes.
4. Arlene Isaacs-Lowe and Sundar Raman were appointed to the Board on 1 November 2021 and 1 January 2022 respectively and their respective fees for 2022 reflect their time in office.
5. Leanne Wood was appointed to the Board on 4 May 2023 and her fees for 2023 reflect her time in office.

Implementation of the Remuneration Policy for the 2024 financial year

A summary of how the Directors' Remuneration Policy will be applied during the 2024 financial year is set out below.

Base salary

The Committee considered the salary review of the Group CEO holistically, taking into account the macroeconomic environment, cost of living and inflationary challenges faced by the business and our employees. The Committee also reviewed the base salary 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 percentage increase for the Group CEO would be lower than the average percentage increase for the wider UK population which is expected to be around 8% during 2024. Further information on the Committee's considerations when setting the remuneration arrangements for base salary is set out in the Chair of the Committee's letter on page 99.

The base salaries for the executive directors as determined by the Committee are set out in the table below:

Director	**Base salary**	Effective date	Increase
Dominic Blakemore	**£1,160,000**	1 Jan 2024	5.9%
Petros Parras[2]	**£740,000**	1 Dec 2023	n/a[1]
Palmer Brown	**$1,400,000**	1 Dec 2023	n/a[1]

1. Base salary change reflects change in role.
2. Petros will be appointed to the Board effective 1 December 2023.

Pension

In line with the Remuneration Policy, the pension cash allowance for each executive director is aligned with the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary).

Remuneration report continued

Annual bonus plan

For the 2024 financial year, the maximum bonus opportunity for each executive director will be in line with the 2022 Policy, as shown in the table below:

Director	% salary
Dominic Blakemore	200%
Petros Parras[1]	150%
Palmer Brown	150%

1. Petros Parras will be appointed to the Board effective 1 December 2023.

To reflect the Group's return to profitable growth, the 2024 annual bonus plan will consist of a profit growth measure for the Group CEO and Group CFO. This will replace the existing operating margin and revenue growth measures. To continue the momentum on margin progression, for the Group COO, North America, the operating margin measure will remain in the plan for 2024. The 2024 structure for the Group COO, North America remains broadly the same as 2023; however, the 5% Group operating margin element will be absorbed into the regional operating margin element, increasing the regional operating margin weighting to 45%.

In 2023, we introduced food waste as a new measure in the annual bonus plan, as part of the existing suite of ESG measures. 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. The 2023 target was to deploy technology across a number of sites to formally measure food waste. To create an accurate baseline for measuring actual food waste and translating this into an appropriate target within the bonus plan, the measure will evolve from a technology deployment target in 2023 to measuring frequency of usage rates in 2024. It is envisaged that this approach will result in better ingredient usage, reducing food costs and Scope 3 GHG emissions. It is our intention to move towards a food waste reduction target in 2025.

We will continue to incentivise improvement in our core health and safety measures within the annual bonus plan. For 2024, it is intended that we will move from measuring lost time incidents to total recordable injuries which is considered a more holistic measure that takes into account all workplace risks. It is recognised that there may be initial instability during the introductory year and therefore the Committee will monitor performance against both measurement criteria and take a holistic view of this component of ESG performance at the end of the performance period.

The measures and weightings will be as follows:

Group CEO and Group CFO

Measure[1]	Description of measure	Weighting
Profit growth (%)	A key measure of our financial performance encompassing revenue and margin performance in one metric, by comparing the underlying operating profit delivered in the current year with that of the prior year, expressed as a percentage and adjusted for exchange rate movements.	60%
Cash conversion (%)	Demonstrates the Group's ability to convert profit into cash – by setting a target percentage of profit to be converted to cash.	25%
ESG[2]	Emphasises the Group's commitment to its health and safety culture, and the impact of reducing food waste on climate change.	15%
Total		100%

1. All measures are assessed at Group level.
2. The ESG measures are Total Recordable Injury Frequency Rate (TRIFR), Food Safety Incident Rate (FSIR) and food waste, weighted equally.

Group COO, North America

Measure[1]	Description of measure	Weighting
Operating margin (%)	Demonstrates the efficiency of the region's operations in delivering great food and support services.	45%
Cash conversion (%)	Demonstrates the region's ability to convert profit into cash – by setting a target percentage of profit to be converted to cash.	20%
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[2]	Emphasises the Group's commitment to its health and safety culture, and the impact of reducing food waste on climate change.	15%
Total		100%

1. All measures are assessed at a regional North America level.
2. The ESG measures are Total Recordable Injury Frequency Rate (TRIFR), 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 in the opinion of the Committee they are commercially sensitive. However, the specific targets and the extent to which the targets have been met (at both 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 2024 financial year, with award levels in line with the 2022 Policy, as shown in the following table:

Director	% salary
Dominic Blakemore	400%
Petros Parras[1]	350%
Palmer Brown	350%

1. Petros Parras will be appointed to the Board effective 1 December 2023.

The extent to which these LTIP awards will vest will be dependent on performance assessed over the three financial years 2024-2026, using the following three performance measures, and with targets as shown in the table below.

Measure	Description 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.
AFCF	The definition aims to measure the cash generation of the Group and is calculated as the three-year cumulative underlying free cash flow adjusted for constant currency.
TSR	Relative 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
ROCE	40%	18.47%	19.07%	19.67%
Vesting (of this component)		0%	50%	100%
AFCF	40%	$4,355m	$4,633m	$4,911m
Vesting (of this component)		0%	50%	100%
Relative TSR	20%	Median	–	Upper quartile
Vesting (of this component)		25%	–	100%

There is no vesting for below-threshold performance, and straight-line vesting between the points shown.

In line with the 2022 Policy, executive directors are required to hold vested awards for a period of two years following vesting 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 the coming year are set out below. Following a review of the market, the fee for the Chair was increased from £562,500 to £595,900 (5.9%) with effect from 1 October 2023. The base fee for non-executive directors was increased from £94,000 to £99,575 (5.9%) also with effect from 1 October 2023. The additional fees for acting as Chair of a committee or as the Senior Independent Director remain unchanged.

	Fees 2023 £	Fees 2022 £	Increase
Chair	**595,900**	562,500	5.9%
Base fee[1]	**99,575**	94,000	5.9%
Chair of Audit, Remuneration or Corporate Responsibility Committee	**30,000**	30,000	–
Senior Independent Director	**30,000**	30,000	–

1. The non-executive director base fee is inclusive of membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees (as appropriate).

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 various long-term incentive plans to the executive directors at any time during the year ended 30 September 2023, are shown in the table below:

LTIP[1]

Director	As at 30 Sep 2022: 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 2023: number of shares**	Market price at date of award[4]: £	Date of award	Maturity date
Dominic Blakemore	152,700	–	–	152,700[3]	–	19.16	27 Nov 2019[3]	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
	–	225,966	–	–	**225,966**	18.67	1 Dec 2022	1 Oct 2025
Total	589,992	225,966	–	152,700	**663,258**			
Palmer Brown[2]	145,040	–	–	–	**145,040**	17.60	8 Feb 2022	1 Oct 2024
	–	152,979	–	–	**152,979**	18.67	1 Dec 2022	1 Oct 2025
Total	145,040	152,979	–	–	**298,019**			
Gary Green	146,385	–	–	146,385[3]	–	19.16	27 Nov 2019[3]	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
	–	244,904	–	–	**244,904**	18.67	1 Dec 2022	1 Oct 2025
Total	560,519	244,904	–	146,385	**659,038**			

Deferred annual bonus

Director	As at 30 Sep 2022: 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 2023: number of shares**	Market price at date of award[4]: £	Date of award	Maturity date
Palmer Brown[2]	20,243	–	–	–	**20,243**	15.08	15 Dec 2021	15 Dec 2024
Total	20,243	–	–	–	**20,243**			

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. 36,090 and 42,540 of these shares vested in 2021 and 2022 respectively, 57,136 LTIP shares and 1,860 dividend equivalent shares will vest in November 2023 and a further 1,260 SMIPP shares and 40 dividend equivalent shares will vest in December 2023.
3. The performance period of the award granted on 27 November 2019 ended on 30 September 2022. None of the threshold performance conditions were met and the award lapsed in full.
4. The market price at the date of each award is shown to two decimal places.
5. Dividend equivalents apply to LTIP and deferred bonus share awards and are not included in the table above.
6. Former director Karen Witts holds an award of 64,186 shares and 2,089 dividend equivalent shares under the 2020-2021 LTIP. The award will vest in November 2023 with an estimated value of £1,349k. Her 2019 deferred bonus share award of 6,784 shares and 93 dividend equivalent shares vested on 12 December 2022 at a value of £132k. Karen holds a 2021 deferred bonus share award of 22,138 shares, which is due to vest in December 2024.

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 described in the 2022 Policy on page 111.

Executive directors are required to achieve their shareholding guideline within a five-year period commencing on the date of appointment or date of increase in shareholding requirement, whichever is the later. The guideline for executive directors increased on 3 February 2022. Compliance with the guideline is assessed annually, on a pro-rata basis.

Non-executive directors are required to achieve their shareholding guideline within a four-year period from the date of appointment.

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 2023 in shares (including the interests of persons closely associated) and share incentives are shown in the table below:

		Beneficial		Conditional			
		Shares held as at 30 Sep 2023	Shares held as at 30 Sep 2022	**LTIP holdings as at 30 Sep 2023**	LTIP holdings as at 30 Sep 2022	Share ownership guideline[1]	Compliance with share ownership guidelines
Executive directors	Dominic Blakemore	**276,789**	276,789	**663,258**	589,992	400%	✓
	Palmer Brown[2]	**43,265**	19,906	**298,019**	266,219	350%	✓
	Gary Green[3]	**275,560**	275,560	**659,038**	560,519	350%	✓
Non-executive directors	Carol Arrowsmith	**12,000**	13,083	–	–	100%	✓
	Stefan Bomhard	**10,743**	10,743	–	–	100%	✓
	John Bryant	**15,781**	15,781	–	–	100%	✓
	Arlene Isaacs-Lowe	**2,500**	2,500	–	–	100%	✓
	Ian Meakins	**58,362**	58,362	–	–	100%	✓
	Anne-Françoise Nesmes	**11,907**	11,907	–	–	100%	✓
	Sundar Raman	**5,030**	5,030	–	–	100%	✓
	Nelson Silva	**10,323**	10,323	–	–	100%	✓
	Ireena Vittal	**5,461**	5,461	–	–	100%	✓
	Leanne Wood	**1,477**	–	–	–	100%	✓

1. The share ownership guideline is a percentage of base salary or fee.
2. Palmer Brown's conditional LTIP holding includes 20,243 deferred bonus shares, 57,136 LTIP shares and 1,260 SMIPP shares granted prior to his appointment as a director. 57,136 LTIP shares and 1,860 dividend equivalent shares will vest in November 2023 and 1,260 SMIPP shares and 40 dividend equivalent shares will vest in December 2023. 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. In line with the 2022 Policy, one-third of Palmer's 2023 bonus will be deferred into shares. His current shareholding exceeds his shareholding requirement as measured on a pro-rata basis.
3. In line with the 2022 Policy, Gary Green is required to comply with the Group's post-employment shareholding requirement for a period of two years post employment.

There were no changes in directors' interests between 30 September 2023 and 20 November 2023.

Director and role changes during the year

On the recommendation of the Nomination Committee the following changes were made to directors' roles and responsibilities during the year:

- Carol Arrowsmith stepped down as Chair of the Remuneration Committee at the conclusion of the 2023 AGM and was succeeded by John Bryant
- Leanne Wood was appointed to the Board on 4 May 2023 and became a member of the Audit, Corporate Responsibility, Nomination and Remuneration Committees on the same day
- John Bryant stepped down as Senior Independent Director on 20 July 2023 and was succeeded by Anne-Françoise Nesmes. John remains the Chair of the Remuneration Committee and a member of the Audit, Corporate Responsibility and Nomination Committees

Retirement of Gary Green, Group COO, North America

Gary Green will retire as a director of Compass Group PLC on 30 November 2023 but remains an employee on his existing terms of employment until 31 March 2024 (the Retirement Date) in order to facilitate an orderly handover. Gary is not entitled to any severance payment, notice pay or payment for loss of office.

Gary is entitled to an annual bonus for the 2023 financial year. Details of this bonus payment are set out on page 117, with one-third delivered as a deferred bonus share award. Gary will participate in the 2023-2024 annual bonus plan for the period from 1 October 2023 to the Retirement Date, with his bonus being determined at the normal time and in the normal way, but with the entitlement pro-rated to that date. Details of the performance targets and bonus outcome will be set out in the 2024 DRR. In order to comply with certain US tax rules, any bonus payment made to Gary following the Retirement Date will be paid entirely in cash without deferral into shares. For the same reason, in accordance with the rules of the plan, Gary's existing deferred share awards will also vest and be settled at the Retirement Date. Gary will continue to be subject to the clawback provisions that apply in respect of deferred bonus.

Gary's unvested share awards under the LTIP will be preserved in accordance with the good leaver provisions in the plan rules, and will vest at the normal time subject to satisfaction of the performance conditions and a time pro-rating adjustment to reflect the proportion of the applicable performance period that has passed at the time of the Retirement Date. Information relating to the vesting of shares under the LTIP will be included in the relevant DRR. The holding periods that apply to Gary's vested share awards under the LTIP will continue to apply. Gary is subject to a post-employment shareholding requirement which requires him to retain shares that vest under his 2021-2022 and 2022-2023 LTIP awards for two years from his Retirement Date and to certain post termination restrictive covenants for a period of 18 months from the Retirement Date.

Payments for loss of office

There were no payments for loss of office during the year.

Payments to past directors

There were no payments to former directors during the year.

Remuneration report continued

External non-executive director appointments

Executive directors may accept one non-executive directorship in a FTSE 100 company or other significant appointment 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 £128,750 in respect of his directorship at London Stock Exchange Group plc for the 2023 financial year. 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 2023

Pay for performance

The Committee believes that the Policy provides a clear alignment with the strategic objectives and performance of the Group. To maintain this relationship, the Committee regularly reviews the business priorities of the Group and the environment in which it operates. The table below shows the Group CEO's total remuneration and achievement against the annual bonus plan and long-term incentive plans over the last 10 years, as a percentage of the plan maximum.

	2014	2015	2016	2017	2018[1]	2019	2020	2021	2022	**2023**
Single total figure of remuneration (£000)	6,298	5,325	5,822	5,617	4,568	4,659	1,162	3,211	3,299	**7,494**
Annual bonus plan outcome (% of maximum opportunity)	87.3	88.7	85.8	68.9	95.9	78.3	0	99.9	100	**100**
LTIP outcome (% of maximum opportunity)	100	79.0	84.5	74.5	95.0	100	0	0	0	**100**

1. Dominic Blakemore was Group CEO from 1 January 2018.

Group CEO pay ratio

The ratio between the Group CEO's remuneration and the lower quartile, median and upper quartile of UK employees is disclosed in the table below. Figures include the Group CEO's total remuneration as set out in the single figure table on page 115, and the remuneration paid to employees at the 25th, 50th and 75th percentiles, over the past four financial years. Methodology A has been chosen to calculate the ratio, as it is considered the most accurate approach. This method includes total full-time equivalent remuneration for UK employees received by an individual in respect of the relevant financial year 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 of 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.

Executive remuneration, in line with market practice, includes a significant proportion subject to performance and therefore 'at risk'. As a result, remuneration of the Group CEO is weighted more heavily towards variable pay than that of the wider workforce. The ratio will therefore fluctuate each year depending on the performance of the Company. During the financial years 2020, 2021 and 2022, remuneration was significantly impacted by the COVID-19 pandemic which had a significant impact on variable pay elements.

The financial year 2023 included the first LTIP vesting for executive directors in three years, following the Committee electing not to exercise positive discretion despite its strong recovery over the three years. The increase in the Group CEO's remuneration and associated pay ratio reflects the Group's exceptional performance in 2023, where record levels of performance have been achieved in many areas. The ratio has therefore increased, which reflects the correlation between pay and performance. We believe that the median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

Year and component	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023 total remuneration	**A**	**323:1**	**303:1**	**236:1**
2022 total remuneration	A	159:1	129:1	115:1
2021 total remuneration	A	172:1	138:1	125:1
2020 total remuneration	A	63:1	54:1	42:1

The salary and total remuneration levels used in the pay ratio calculations are set out in the table below:

Financial year	Component	Group CEO £000	25th percentile £000	Median £000	75th percentile £000
2023	**Salary**	**£1,083**	**£21**	**£24**	**£24**
	Total remuneration	**£7,494**	**£23**	**£25**	**£32**
2022	Salary	£1,034	£18	£22	£26
	Total remuneration	£3,299	£21	£26	£29
2021	Salary	£1,000	£16	£19	£24
	Total remuneration	£3,211	£19	£23	£26
2020	Salary	£894	£17	£21	£26
	Total remuneration	£1,162	£18	£21	£28

Annual percentage change in remuneration of directors and employees

The following table shows the annual change in each individual director's base salary/fees, benefits and bonuses, compared to the annual change in average UK employee pay for the year ended 30 September 2023. Figures have been annualised to show a like-for-like comparison.

	Change in pay between 2022 and 2023			Change in pay between 2021 and 2022			Change in pay between 2020 and 2021			Change in pay between 2019 and 2020		
	Base salary/fees % change[1]	**Bonus % change[2]**	**Benefit % change[3]**	Base salary/fees % change[1]	Bonus % change[2]	Benefit % change[3]	Base salary/fees % change[1]	Bonus % change[2]	Benefit % change[3]	Base salary/fees % change[1]	Bonus % change[2]	Benefit % change[3]
Executive directors												
Dominic Blakemore	**4.7%**	**4.8%**	**(52.0)%**	3.4%	4.6%	18.1%	11.9%	N/A[6]	(27.4)%	(6.5)%	(100)%	105.0%
Palmer Brown	**4.4%**	**4.8%**	**(30.3)%**	N/A[4]	N/A[4]	N/A[4]	N/A[4]	N/A[4]	N/A[4]	N/A[4]	N/A[4]	N/A[4]
Gary Green	**4.7%**	**4.8%**	**6.6%**	3.6%	5.3%	(32.4)%	10.5%	N/A[5]	(15.5)%	(6.3)%	(100)%	49.7%
Non-executive directors												
Carol Arrowsmith[5]	**(12.6)%**	**–**	**5,808.8%**	1.7%	–	N/A[4]	10.3%	–	(100)%	(7.8)%	–	79.1%
Stefan Bomhard	**4.4%**	**–**	**203.9%**	2.3%	–	N/A[4]	10.3%	–	(100)%	(7.3)%	–	1,012.9%
John Bryant[5]	**14.5%**	**–**	**804.3%**	11.5%	–	N/A[4]	35.0%	–	(100)%	(7.3)%	–	162.6%
Arlene Isaacs-Lowe	**4.4%**	**–**	**651.0%**	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]
Ian Meakins[5]	**4.7%**	**–**	**N/A[4]**	18.9%	–	N/A[4]	467.0%	–	(100)%	–	–	–
Anne-Françoise Nesmes[5]	**8.3%**	**–**	**N/A[4]**	11.5%	–	N/A[4]	35.0%	–	(100)%	(7.3)%	–	N/A[4]
Sundar Raman	**4.4%**	**–**	**N/A[4]**	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]
Nelson Silva	**3.3%**	**–**	**278.0%**	1.7%	–	N/A[4]	10.3%	–	(100)%	(7.8)%	–	23.8%
Ireena Vittal	**4.4%**	**–**	**N/A[4]**	2.3%	–	N/A[4]	10.3%	–	(100)%	(7.3)%	–	27.7%
Leanne Wood[6]	**N/A[4]**	**–**	**N/A[4]**	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]	N/A[4]	–	N/A[4]
Average pay of UK employees[7]	**11.5%**	**(23.4)%**	**(24.8)%**	3.8%	191.8%	2.5%	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.
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.
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 decrease in benefits value between 2022 and 2023 for the Group CEO and UK employees is due to the take-up of electric company vehicles, which have a lower taxable value than a cash for car allowance or a non-electric Company vehicle. The increase in benefits value between 2022 and 2023 for the non-executive directors is due to limited travel expenses incurred in the 2021-2022 UK tax year due to the COVID-19 pandemic, the year on which the 2022 figures are based.
4. N/A refers to a nil value in the previous year, meaning that a year-on-year change cannot be calculated.
5. The annual percentage increase/decrease in fees reflects a change in role during the year, as more fully detailed on page 123.
6. Appointed to the Board on 4 May 2023. Fees for 2023 have been prorated to reflect time in office.
7. Average employee pay is calculated by reference to the mean average pay of employees within the UK.

Relative importance of spend on pay

The following table sets out the amounts paid in share buybacks, dividends and total employee costs for the 2022 and 2023 financial years.

Disbursements	**2023 £m**	2022 £m	Change %[1]
Share buybacks[2]	**929**	438	112.1%
Dividends paid[3]	**648**	418	55.0%
Total employee costs[4]	**14,426**	12,163	18.6%

1. The year-on-year percentage change in disbursements reflects the Company's continued recovery from the impact of COVID-19.
2. At the AGM on 9 February 2023, shareholders approved Resolution 22 to give the directors authority to make limited on-market purchases of up to 10% of the Company's ordinary shares. 46,311,952 shares were repurchased during the financial year ended 30 September 2023 at a cost of £929 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 share capital in issue on 30 September 2023 and on the same date in 2022 was 1,785 million ordinary shares of 11$\frac{1}{20}$ 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 2023 was 562,460 (2022: 513,707).

Remuneration report continued

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 considers 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 4 to the consolidated financial statements on page 157.

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 2023 financial year are set out on pages 59 to 61.

The Committee appointed Deloitte LLP (Deloitte) as its independent remuneration adviser in September 2021. Deloitte's fees during 2023 were £104,400 (2022: £40,750). 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 during the year. 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 (2022: £24,000). Alithos also provided other share price and TSR data to the Committee during the year for which it received fees of £500 (2022: £500). Alithos provided additional TSR analysis to the Company during the year for which it received a fee of £7,000 (2022: £2,000).

The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of its members.

Committee evaluation

The priorities set by the Committee in response to last year's external evaluation process were:

- determining appropriate performance measures and targets, including ESG metrics
- considering the economic/geopolitical environment when assessing performance

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.

2023 evaluation

During the year, an internal evaluation of the effectiveness of the Committee was conducted as part of the wider evaluation of the Board and its committees. Details can be found on page 96.

The evaluation concluded that the Committee continued to operate effectively and identified a number of priorities for 2024 which included focusing on target setting and stretch, ESG measures in incentives, and investor engagement.

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 and 2023 Annual General Meetings

The table below sets out the voting outcome at the AGM held on 9 February 2023 in respect of the 2022 Annual Remuneration Report resolution:

	Number of votes 'For' and 'Discretionary'	% of votes cast 'For'	Number of votes 'Against'	% of votes cast 'Against'	Total number of votes cast	Number of votes 'Withheld'[1]
Annual Remuneration Report[2]	997,278,858	70.32	420,854,399	29.68	1,418,133,257	1,698,457

The table below sets out the voting outcome at the AGM held on 3 February 2022 for the Remuneration Policy which applies until February 2025:

	Number of votes 'For' and 'Discretionary'	% of votes cast 'For'	Number of votes 'Against'	% of votes cast 'Against'	Total number of votes cast	Number of votes 'Withheld'[1]
Remuneration Policy[3]	973,341,831	67.50	468,571,337	32.50	1,441,913,168	34,029,557

1. A vote withheld is not a vote in law.
2. Advisory vote.
3. Binding vote.

The Committee welcomed the endorsement of the 2022 DRR and 2022 Policy by the majority of shareholders and took steps to understand the concerns of shareholders who withheld their support for the Policy, as described in detail on pages 103 to 104. At the 2024 AGM, shareholders will be invited to vote on the 2023 Annual Remuneration Report (advisory vote).

On behalf of the Board

John Bryant
Chair of the Remuneration Committee

20 November 2023

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 2023.

This Directors' report forms part of the management report as required under the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules (DTR) 4. The Company has chosen, in accordance with Section 414C (11) of the Companies Act 2006 (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 1 to 55 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 56 to 126, the Other statutory disclosures on pages 127 to 130 and the Directors' responsibilities statement on page 131 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:

Disclosure	Page
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Future developments in the business	11
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Results and dividends

In the year ended 30 September 2023, the Group delivered an underlying profit before tax of £1,986 million (2022: £1,490 million), an increase of 33%; and a statutory profit before tax of £1,747 million (2022: £1,469 million), an increase of 19%.

It is proposed that a final dividend of 28.1 pence per share be paid in respect of the financial year ended 30 September 2023 on 29 February 2024 to shareholders on the register on 19 January 2024. The final dividend of 28.1 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 8 February 2024.

Year	Dividend	Pence per share
2023	Final	28.1
2023	Interim	15.0
2022	Final	22.1
2022	Interim	9.4

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 128 of this Report. The value of the dividends payable during the year ended 30 September 2023 that were waived by the ASST was £88,042 (2022: £75,024).

At the date of this Report, there were 76,528,069 11 1⁄20 pence ordinary shares held in treasury for the purpose of satisfying the Company's obligations under its employee equity incentive schemes. Shares held in treasury are not entitled to receive dividends.

Share capital

The Company has a single share class which is divided into ordinary shares of 11 1⁄20 pence each. At the date of this Report, 1,785,403,977 ordinary shares of 11 1⁄20 pence each (of which 76,528,069 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 1,708,875,908. In addition, the Company sponsors a Level I American Depositary Receipt programme with BNY Mellon, through which the Company's shares are traded on the over-the-counter market in the form of American Depositary Shares.

During the year ended 30 September 2023, 192,660 options were exercised (equating to the release of 108,081 net settled shares) and 1,684,197 awards were 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 1,343,592 treasury shares and the release of 448,686 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.

Purchase of own shares

As permitted by the articles, the Company obtained shareholder authority at the 2023 AGM to purchase its own shares up to a maximum of 175,720,000 ordinary shares.

From 1 October 2022 until 11 November 2022, the Company bought back 3,447,549 ordinary shares related to a £500 million share buyback announced on 26 May 2022.

On 21 November 2022, the Company announced consistent with its capital allocation framework a share buyback of up to £250 million to be completed in the first half of 2023. This successfully completed on 31 March 2023 when the Company had bought back 13,127,521 ordinary shares of 11 1⁄20 pence.

On 10 May 2023, a further share buyback of up to £750 million to be completed by the end of the 2023 calendar year was announced. Subsequently on 12 May 2023, a share buyback of £250 million commenced and was successfully completed on 3 July 2023 when the Company had bought back 11,396,015 ordinary shares of 11 1⁄20 pence.

Other statutory disclosures continued

On 24 July 2023, it was announced that a further share buyback of up to £500 million would be carried out between 24 July and 14 November 2023. This completed on 14 November 2023 when the Company had bought back 24,698,077 ordinary shares of 11 1⁄20 pence.

During the financial year ended 30 September 2023, the Company purchased in aggregate 46,311,952 ordinary shares of 11 1⁄20 pence and subsequently transferred these to treasury. The cost of the shares purchased during the financial year ended 30 September 2023 was £931 million excluding transaction costs. A further 6,357,210 shares have been repurchased between 1 October 2023 and the date of this Report at a cost of £130 million excluding transaction costs. As at the date of this Report there are 76,528,069 ordinary shares held in treasury (representing 4.5% 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 195.

At the 2024 AGM, a special resolution will be proposed to renew the directors' limited authority (last granted at the 2023 AGM) to purchase the Company's ordinary shares in the market.

Issue of shares

At the 2024 AGM, the directors will ask shareholders to renew the authority last granted to them at the 2023 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 2025 AGM, whichever is the sooner.

Changes in the Company's share capital during 2023, 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 25 and 26 to the consolidated financial statements.

Substantial shareholdings

As at 30 September 2023, 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	4.96
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. In 2019, it was adapted to allow it to source shares for all the Company's share schemes and 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 97 to 126. As at 30 September 2023, the trustees of the ESOP and ASST held nil (2022: nil) and 573,223 (2022: 221,909) 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 2023 are disclosed in the Directors' Remuneration report on pages 97 to 126.

Details of employee equity incentive schemes and grants made during the year ended 30 September 2023, and extant awards held by employees are disclosed in the consolidated financial statements on pages 197 and 198.

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 197 and 198, 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 DNED for workforce engagement maintains close links with colleagues tasked with employee engagement across the Group, holds roundtable meetings, 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 71,75 and 81.

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 six trustee directors are current 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 CRISP members.

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 Group has proposed a transfer of CRISP into the Plan and for CRISP to operate as a separate defined contribution section of the Plan. The combined board of the Plan following the transfer will include trustee directors from both arrangements.

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 Business Conduct (CBC) was refreshed and re-launched in June 2023. It provides principles-based guidance to help our businesses do what's right and sets out clearly the standards of behaviours that we expect. Our values, CBC and Group policies serve as a foundation for how we conduct business and compete fairly, globally. Together, they underpin our environmental, social and governance activities including incorporating the Ten Principles of the UN Global Compact, of which Compass has been a participant since 2004, into strategies, policies, and procedures. This demonstrates Compass' commitment to continue fostering a culture of integrity and inclusion, whilst playing our part in shaping a sustainable future for our people, the communities in which we operate and the planet.

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.

As at 30 September 2023, there were 562,460 (2022: 513,707) people employed by the Group (average number of employees including directors and part-time employees) of whom 316,474 were female (2022: 290,778) and 245,986 were male (2022: 222,929). 496 were senior managers, of whom 170 were female and 326 were male (2022: 165 female and 349 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 2023, there were 13 directors, eight of whom were male and five 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 are 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 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 74 to 81.

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 and sustainability information statement on page 55 identifies where information relating to non-financial matters can be found.

Post balance sheet events

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars.

On 2 October 2023, the Group sold its business in Argentina.

In the period from 1 October to 20 November 2023, 6,357,210 shares were repurchased for a total price of £130 million excluding transaction costs under the £750 million share buyback announced in May 2023.

On 2 November 2023, the Group entered into an agreement to acquire Hofmann Menü-Manufaktur GmbH, a leading German manufacturer and supplier of 'cook and freeze' meals, for €270m (£234m), subject to regulatory approval which we expect to receive during the first half of the 2024 financial year.

On 20 November 2023, a final dividend in respect of the financial year ended 30 September 2023 of 28.1 pence per share, £482 million (based on issued share capital excluding treasury shares as at 30 September 2023) in aggregate, was proposed.

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 2023 are set out within the Purpose section of the Strategic Report on page 42 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 38 to 54. This Annual Report is certified as a CarbonNeutral® publication, supporting an emissions reduction project to offset the emissions arising from the production, printing and delivery of this Report. This year, the Company has supported a community-based project in Bangladesh, which trains and works with micro-entrepreneurs to help them produce and distribute clean cooking stoves designed to deliver significant emissions reductions, address the health risks of indoor pollution and reduce wood fuel consumption, relieving pressure on local forests and biodiversity.

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 45 to 54 and form part of the Directors' report disclosures and are incorporated by reference.

Donations and political expenditure

Charitable objectives support the Company's corporate responsibility 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
2023	**7.1**
2022	7.0

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 pages 13 and 84 of this Annual Report and on the Company's website, www.compass-group.com.

The directors propose to renew the authority last granted at the 2023 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 Listing Rules 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 97 to 126 and details of dividends waived by shareholders can be found on page 127.

AGM

The Notice of Meeting setting out the resolutions to be proposed at the 2024 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.

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 the resolutions.

On behalf of the Board

A. Yapp

Alison Yapp
Group General Counsel and Company Secretary

20 November 2023

Compass Group PLC
Registered in England and Wales, No. 4083914

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

20 November 2023

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 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 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 (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Disclosure of relevant audit information

The directors confirm that, so far as they are each aware, there is no relevant audit information of which its auditor, 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.