A SUSTAINABLE FUTURE

ANNUAL
REPORT
2021

SEIZING THE OPPORTUNITY

Control the controllable p.14 • **Invest in growth** p.16 • **Reopen and mobilise safely** p.18 • **Optimise and evolve** p.20

Compass is a global leader in food services, providing delicious and nutritious meals to millions of people across 45 countries. Our extensive portfolio of B2B brands allows us to create a bespoke food and service offer for our clients and consumers. We operate across five distinct sectors to meet the different organisational needs of our clients.

Our people are our competitive advantage. We pride ourselves on the quality of our customer service, our exceptional operational execution and our culinary and digital innovation. Our scale in procurement means we can lead on price and quality.

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

VIEW OUR 100 COMPASS CAREER STORIES

OUR PEOPLE ARE OUR KEY INGREDIENT

People are our most powerful asset. Throughout the pandemic, the resilience, commitment and adaptability of our colleagues has been extraordinary. We would like to express our gratitude to everyone for their exceptional service during this testing period – for truly living the Compass Group values every day.

CONTENTS

STRATEGIC REPORT

CORPORATE GOVERNANCE

» Visit our website for related information www.compass-group.com
Our 2021 Sustainability Report will be available online in January 2022.

1. We track our performance against underlying and other Alternative Performance Measures (APMs) which are not defined by generally accepted accounting principles (GAAP). Accordingly, the relevant statutory measures are also presented where appropriate. The Group's management believes that these APMs reflect our strategic priorities of growth, efficiency and shareholder returns. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy (see pages 26 and 27). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

2021 PERFORMANCE AT A GLANCE

UNDERLYING REVENUE[1] APM

£18,136m

2020: £20,198m

STATUTORY REVENUE

£17,908m

2020: £19,940m

UNDERLYING OPERATING PROFIT[1] APM

£811m

2020: £561m

STATUTORY OPERATING PROFIT

£545m

2020: £294m

UNDERLYING OPERATING MARGIN[1] KPI

4.5%

2020: 2.9%

STATUTORY OPERATING MARGIN

3.0%

2020: 1.5%

UNDERLYING BASIC EARNINGS PER SHARE[1] KPI

29.5p

2020: 18.6p

STATUTORY BASIC EARNINGS PER SHARE

20.0p

2020: 8.0p

GLOBAL FOOD SAFETY INCIDENT RATE

-38%

Since 2017

2020: -43% since 2016

GLOBAL LOST TIME INCIDENT FREQUENCY RATE

-37%

Since 2017

2020: -42% since 2016

GREENHOUSE GAS INTENSITY RATIO

7.2 $tCO_2e/£m$

2020: 7.5 $tCO_2e/£m$

Key

APM
Alternative Performance Measure (APM) (see pages 268 to 274)

KPI
APM which is also a Key Performance Indicator (see pages 26 and 27)

CREATING LONG TERM SUSTAINABLE GROWTH

COMPETITIVE ADVANTAGES

OUR PEOPLE & CULTURE

Our people are at the heart of our business. Our people are energetic, ambitious, and entrepreneurial, delivering amazing food and hospitality to millions of consumers around the world. We proudly promote diversity of background, experience and ability, which is key to reinforcing our culture of inclusion.

FINANCIAL STRENGTH

A strong financial foundation means we have continued to invest in growth, to innovate our offer, and to evolve our operating model. Our strong balance sheet is attractive to new clients, and we continue to win new business.

OUR SECTORS & PORTFOLIO OF BRANDS

We differentiate ourselves by operating across a breadth of sectors and sub sectors which provides us with a deep understanding of our clients' requirements. Using this knowledge, we create bespoke culinary solutions specifically tailored for every client.

DECENTRALISED STRUCTURE SUPPORTED BY OUR MAP FRAMEWORK

Our unique decentralised structure means our approach is more targeted, allowing us to develop strategies on a country by country, sector by sector basis.

SCALE IN PROCUREMENT

Our size creates competitive advantage by enabling us to pass on purchasing benefits to clients and consumers by offering better quality produce at more attractive prices. It also means we can make a big social impact. We have increased our spending with local suppliers and social enterprises, enabling greater reinvestment into social causes.

CULINARY & DIGITAL INNOVATION

We are continually developing the best for our clients and consumers through contemporary food offers and by making it easier for them to purchase and personalise their food choices through our ongoing investment and focus on technology.

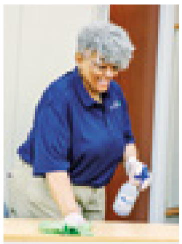
Key

APM Alternative Performance Measure (APM) (see pages 268 to 274)

WHAT WE DO

FOOD SERVICES

Compass provides outsourced food services around the world in a market worth an estimated £220 billion.



SUPPORT SERVICES

In addition to our core food offer, we supply targeted services in certain markets and sectors, such as Healthcare & Senior Living, and Defence, Offshore & Remote. In these specific sectors we are very experienced in providing high quality cleaning and hygiene services.

BUSINESS & INDUSTRY

31% of Group underlying revenue[1] APM

We understand the increased pressure on our clients to offer healthy, exciting and innovative dining experiences to their people. Utilising our scale, experience and evolving digital capabilities, we can offer attractive cost benefits, tailored menus and a wide range of digital solutions that can add flexibility to operating models around the world.

EDUCATION

18% of Group underlying revenue[1] APM

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

HEALTHCARE & SENIOR LIVING

33% of Group underlying revenue[1] APM

We work directly with healthcare providers to prepare food services that improve patient and senior living experiences – from restaurant-style cafés to in-room patient dining and specialist feeding. We firmly believe that good quality, nourishing food can transform experiences for both patients and visitors.

SPORTS & LEISURE

8% of Group underlying revenue[1] APM

We have vast catering experience within this market – providing food, beverages and hospitality across large stadiums, conference venues, museums and galleries, at high profile events and private parties. We cater to all sizes of event, working closely with clients to meet their specific requirements.

DEFENCE, OFFSHORE & REMOTE

10% of Group underlying revenue[1] APM

We are an industry leader in supplying food and support services to many of the major companies in the oil, gas, mining and construction industries. Our clients and customers rely on us to provide uninterrupted support, however challenging the conditions.

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

DELIVERING THROUGH OUR STRATEGY

PEOPLE	PERFORMANCE	PURPOSE
Our People pillar is focused on ensuring we have an engaged and motivated workforce.	The Performance pillar is focused on ensuring best in class execution.	As an industry leader, we believe we have an important long term role to play in society.
» Read more on how we deliver for our people on page 32.	» Read more on how we deliver performance through our MAP performance framework on page 24.	» Read more on our approach to sustainability on page 40.

OUR GLOBAL REACH

We operate in **45** countries, across **3** geographic regions and **5** sectors

■ COMPASS LOCATIONS

CREATING VALUE

SERVING CLIENTS AND CONSUMERS IN

45 countries

OUR PEOPLE

circa 480,000

people we engage and employ around the world

OUR SUPPLIERS

circa £500 million

globally purchased from local and minority suppliers

OUR COMMUNITIES

circa 1.3 million

meals donated to local communities across some of our largest markets

OUR ENVIRONMENT

30+ countries

participated in Stop Food Waste Day 2021

REDUCED GLOBAL FOOD SAFETY INCIDENTS

49%

since 2017

CHAIRMAN'S LETTER

"

COMPASS IS EMERGING FROM THE PANDEMIC AS A STRONGER AND MORE RESILIENT BUSINESS AND I FIRMLY BELIEVE IT WILL CONTINUE TO THRIVE."

IAN MEAKINS
Chairman of the Board

DEAR SHAREHOLDER,

When I assumed the role of the Chairman of Compass in December 2020, the Group was experiencing one of the most difficult periods in its history. As the pandemic continued to sweep around the world, and with a large proportion of the business closed due to ongoing COVID-19 restrictions, our leadership and frontline teams across the Group acted swiftly to prioritise the health and safety of our employees, clients and consumers.

The challenges brought about by the pandemic tested the resilience and agility of our global teams, who tackled them head on, focusing on costs, making transformative organisational changes, and introducing innovation and flexibility into the operating model.

Given the significant disruption and uncertainty they faced every day, the remarkable resourcefulness of our people left a lasting impression on me and I am very grateful to everyone in our organisation for their hard work and dedication. Our sympathies are with those of our colleagues who have suffered or are suffering from the virus, or who may have lost family or friends during the pandemic. We remain committed to doing all we can to support them.

While the global vaccine rollout is welcome, the road ahead remains unpredictable. However, I am confident that our unique culture of openness and collaboration, our passion for quality, and our 'can do' attitude – all of which have made this business successful in the past – will continue to underpin the Group's performance through the next phase of our recovery and our return to growth.

FINANCIAL RESULTS

The year was characterised by differing trends between the two halves. In the first half of the year, organic revenue declined by 30.4%. Despite broadly similar revenues in the first two quarters of the financial year, we continued to improve margins across the Group, restoring more than half of our historical underlying operating margin to 4.2% in the second quarter. As vaccination efforts advanced around the globe, we started to benefit from positive revenue momentum, with organic revenue up 34.5% in the second half of the year. The full year 2021 revenues declined by 6.3%[1] on an organic basis and the underlying operating margin was 4.5%[1].

On a statutory basis, operating profit for the year increased by 85.4% to £545 million, with revenue decreasing by 10.2% to £17,908 million.

» Details of our operational and financial performance can be found on pages 58 to 82.

DIVIDENDS

The Board recognises the importance of a dividend to our shareholders. Over the past year, it was necessary to prioritise protecting the business from the negative impact of the pandemic, which included the suspension of the dividend. With the positive momentum in rebuilding our revenues and margins, supported by strong cash generation of the business, we have been able to reach a net debt to EBITDA ratio of 1.6x[1] by the end of the financial year. As a result, we are pleased to announce a final dividend of 14.0 pence per share for FY21. From FY22 the dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend.

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STRATEGY

Our strategy is to focus on food services, and our model for creating value remains unchanged. During the pandemic, our strategic pillars of People, Performance and Purpose became more relevant than ever. The COVID-19 pandemic has highlighted social inequalities and we believe that balancing financial with social and environmental performance is the right approach for Compass. We remain committed to enhancing the wellbeing of our people, clients, consumers and the communities we serve.

» Details about how we are evolving our strategy can be found on pages 8 to 24.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The Group's commitment to a sustainable future for all is brought to life every day by the social and environmental leadership of our global team.

In October 2021, Compass proudly became the first international company in the contract catering industry to announce a global commitment to a 2050 Net Zero emissions economy, underpinned by approved 2030 Science Based Targets and a further commitment to be carbon neutral worldwide across our own operations by 2030. Not only is this the right thing to do for our planet; it also gives us a clear competitive advantage, as we provide clients with more sustainable menu options, make our supply chain more resilient and reduce food waste.

Our people are at the heart of our business and are critical to our operations and continued success. This year, we maintained strong engagement across our businesses and continued to invest in supporting our employees in the areas of mental health, stress management and resilience. We have exceptional leaders and I am proud to see continued progress in gender diversity in our management pipeline. In 2021 we have 46% female representation in management positions across the Company and have been recognised by Forbes as a 2021 Best Employer for both Women and Diversity.

» Details about how we are evolving our diversity and inclusion across the Group can be found on pages 32 to 39.

GOVERNANCE AND THE BOARD

As your Chairman, one of my key responsibilities is to ensure good governance for Compass see pages 84 to 184 and in this endeavour I am extremely well supported by my fellow members of the Board.

On 4 October 2021, the Company announced that Karen Witts would step down as Group CFO on 31 October 2021. It was further announced that Palmer Brown had been appointed as director of the Company and Group CFO designate with effect from 4 October 2021 and would become Group CFO on 1 November 2021. Palmer knows the business very well and is ideally suited to lead the Group as it recovers from the impact of the COVID-19 pandemic into the next phase of growth. On behalf of the Board, I would like to thank Karen for her valuable contribution, particularly over the past 18 months and she leaves the Group in strong financial health.

This year, we have made two further appointments to the Board, bringing new skills and experience to the table. We appointed Ms Arlene Isaacs-Lowe and Mr Sundar Raman as Non-executive directors with effect from 1 November 2021 and 1 January 2022 respectively. On appointment, both Ms Isaacs-Lowe and Mr Raman will become members of the Audit, Corporate Responsibility, Nomination and Remuneration committees.

Arlene brings over 20 years' executive experience in CSR, finance, strategy and sales. Sundar also brings over 20 years' experience as an executive operating in highly competitive markets and successfully growing global consumer brands. We look forward to benefiting from their backgrounds and experience in Board deliberations over the coming years.

I assumed the role of Chairman of the Board in December 2020, and I am grateful to our former Senior Independent Director (SID) and Audit Committee Chairman, John Bason, who agreed to extend his terms of appointment to provide continuity and support during my transition. At the conclusion of the 2021 AGM, John was succeeded as SID and Audit Committee Chair by John Bryant and Anne-Francoise Nesmes respectively; Mr Bason will retire from the Board at the conclusion of the 2022 AGM. I would like to thank him for his invaluable and tireless service to Compass.

SUMMARY AND OUTLOOK

Although the COVID-19 pandemic continues to impact our global operations, we have adapted to the 'new normal' and are excited about reopening our sites and welcoming back our colleagues, clients and consumers.

The structural growth opportunities and momentum we are seeing in first time outsourcing are encouraging as we work hard to rebuild the business and return to growth. We continue to focus on sales, retention and our client centric approach, whilst being disciplined about our cost base and capital deployment.

The Compass model of value creation remains strong and on the Board, we have a blend of global, commercial and operational experience that is both industry leading and aligns with our strategy and purpose. Furthermore, our financial resilience means we are well positioned to continue the recovery whilst generating sustainable long term value for all our stakeholders.

Compass is emerging from the pandemic as a stronger and more resilient business and I firmly believe it will continue to thrive.

I K Meakins

IAN MEAKINS
Chairman

23 November 2021

CHIEF EXECUTIVE'S REVIEW

"

WE ARE FOCUSED ON GROWTH FOLLOWING A YEAR OF STRONG RECOVERY."

DOMINIC BLAKEMORE
Group Chief Executive Officer

FY2021 OVERVIEW

The strong recovery in our financial performance over the past 12 months is credit to the resilience and dedication of our people, who go over and above for our clients every single day. Their passion and team spirit are central to our winning, caring culture, which sets Compass apart, and I couldn't be prouder of the significant contributions they have made to our success this year.

Together we have made great progress in 2021, achieving record new business wins and client retention in extraordinary circumstances. We have created a strong platform for future growth, investing in digital innovations and sustainability initiatives that both enhance our competitive advantages and further strengthen our position as an industry leader in food services. And, reflecting our strong cashflow and increasing confidence in the Group's performance, we are pleased to be reinstating the dividend.

Looking forward, as we emerge from the pandemic, I am excited about the significant structural growth opportunities we are seeing globally, which have the potential to help us deliver revenue and profit growth above historical rates over the coming years and reward our shareholders with further returns.

GROUP OVERVIEW

2021 has been a year of strong recovery. Underlying operating margins improved sequentially quarter on quarter from break even at the end of Q4 2020 to 5.8% by Q4 2021 delivering 4.5%[1] for the full year. Our year end cash position was strong and our leverage is now close to our target range of 1x-1.5x. All this was achieved through controlling the controllable by managing our cost base, resizing the business and adapting our operations.

Whilst we have made progress recovering revenue in H2, driven by strong net new business, the pandemic continued to affect performance for the year. Our Healthcare & Senior Living and Defence, Offshore & Remote sectors performed well above pre-pandemic revenues, and we experienced a strong recovery in Education and Sports & Leisure in the fourth quarter. Revenues in our Business & Industry sector have remained subdued due to the delayed return to offices in our major markets. Successfully adapting our operations to the circumstances has been key to our recovery to date and will continue to be so as we evolve alongside our clients to provide more flexible, bespoke offers.

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GROUP PERFORMANCE

Our 2021 results reflect the strong recovery from the pandemic's impact on our business. Our revenue in 2021 declined by 6.3%[1] on an organic basis as the pandemic continued to impact our revenues and, throughout the year, lockdowns and restrictions were imposed and relaxed across our markets. We had excellent new business at 7.2% and retention at 95.4%. Net new business was 2.6% and, encouragingly, in the second half of the year was 6.2%, higher than the historical trend of around 3% and, although benefiting from a lower denominator, this indicates positive momentum into 2022.

Revenue

We further progressed on rebuilding revenue in the second half, with the fourth quarter at 88% of our 2019 revenues[2] reflecting significant improvements in Sports & Leisure and a strong return to Education after the summer break. Defence, Offshore & Remote and Healthcare & Senior Living continued to operate at over 100% of 2019 revenues, however, in Business & Industry, the pace of recovery remained subdued.

On a statutory basis, revenue decreased by 10.2% reflecting the continued impact of the pandemic on the business.

Operating profit and operating margin

When the pandemic hit in March 2020, we immediately took actions to reduce our food (MAP 3) costs, in unit labour and in unit overheads (MAP 4) and our above unit (MAP 5) costs to offset the impact of lower volumes and to adjust our business model to the new trading environment.

Throughout 2021, we continued to control the controllable, including resizing the cost base and increasing levels of labour flexibility, and have incurred an additional £157 million of COVID-19 resizing charges. These actions, along with continued contract renegotiations, a focus on procurement and purchasing compliance, as well as general cost control, have allowed our underlying operating margin to rebuild quarter on quarter despite subdued volume recovery, with the fourth quarter underlying operating margin at 5.8%.

Underlying operating profit increased by 55%[1] to £811 million[1] on a constant currency basis and our underlying operating margin was 4.5%[1].

On a statutory basis, operating profit increased by 85% to £545 million reflecting the actions taken to control costs despite the lower trading volumes as a result of the pandemic.

STRATEGY

Compass' addressable market offers significant structural growth opportunities. The market pre-COVID-19 was estimated to be at least £220 billion, just over half of which is currently outsourced, providing considerable scope for first time outsourcing as well as market share gains from large and regional competitors. We continued to benefit from new business wins as organisations turned to us during the pandemic for our health and safety expertise, supply chain resilience and financial stability. Whilst we have seen good new business wins across all sectors, we are particularly pleased with the increased momentum in Healthcare & Senior Living.

Our strategic focus on food, with some specialised support services, remains relevant as food is our core competency. As the largest global player, our procurement scale and focus on cost efficiencies give us competitive advantages which translate into greater value for clients. Our sectorised and sub sectorised approach enables us to provide tailor-made food services which meet clients' evolving needs.

COVID-19 required us to evolve our operations and innovate at pace. Digital and culinary initiatives, which were previously subscale, accelerated quickly as we adapted to the changing restrictions and health and safety requirements. These new models have enabled us to offer clients unique customised offers which are even more relevant as we adapt to a new normal, including hybrid working. This more agile operating model, alongside our more flexible in unit labour and reduced above unit overheads, are improving the quality of the business for the long term.

The strategic priorities of People, Performance and Purpose focus our efforts on important initiatives which enable us to provide a more relevant client offer and meaningful experiences for consumers. As we emerge from the pandemic this focus will be even more important as we work towards creating sustainable long term value for all our stakeholders.

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

PEOPLE

Our people are at the heart of who we are and what we do. As new waves of lockdowns and restrictions were imposed and relaxed across our markets, the tremendous efforts and commitment of people all around Compass have been our special ingredient. Our people's ability to pull together to work as one positive and caring team, despite all the uncertainty, has been extraordinary. Their engagement and motivation positively impacts our clients, customers, communities and other colleagues. Furthermore, we know that when we take care of our people, they take care of our business.

CHARTWELLS HIGHER ED, US

In addition to the many ways in which we have worked together as a team to handle uncertainty this year, we have continued to care for our people, keep them safe and prepare them for future opportunities. We used our expertise in specialist cleaning to support our contamination prevention and personal protection training as well as providing help and assistance to support our colleagues' wellbeing.

As we reopened more sites, investing in skills to enable our colleagues to adapt to new circumstances, proactively addressing global labour challenges and leveraging our digital training capabilities have been essential. We are committed to hiring and engaging our diverse talent to reflect the communities we serve and have sought new ways to support their development. The launch of the UK & Ireland's Compass Group Academy, which will open in 2023, reflects our deep commitment to social mobility as we invest in developing our capability by supporting c.12,000 people from disadvantaged areas to learn skills to enter the workplace and embark on fulfilling careers in our industry. We know we have the power to create lifetime opportunities to support social mobility and believe that nurturing a winning, caring culture where all colleagues are welcomed, feel they belong and can fulfil their potential, makes us a better business.

PURPOSE

Our Group-wide sustainability strategy seeks to maximise the positive value we create for people and planet, creating a more sustainable future for Compass and our stakeholders.

Safety remained our top priority during 2021, as we continued to manage the challenges of COVID-19. Our enhanced hygiene protocols and robust operating procedures helped to keep our people and consumers safe. On food safety, we have concentrated on building local compliance with our Global Allergen Management Plan.

We recognise the material importance of tackling climate change and have set a Group-wide commitment to deliver climate net zero greenhouse gas emissions by 2050 across our global operations and value chain. Furthermore, we have set 2030 emissions reduction targets which have been validated by the Science Based Targets initiative to reduce our emissions in line with the 2015 Paris Agreement to limit global warming, alongside a further commitment to be carbon neutral worldwide in our own operations (scope 1 and 2) by 2030.

We aim to halve food waste across the Group by 2030 and Compass teams around the world have demonstrated creative ways to reduce food waste throughout our value chain. We have continued to raise awareness of this issue with clients, consumers and colleagues, and have taken action in our kitchens to measure, monitor and reduce our waste on a global scale.

Through our responsible approach to sourcing, we are also helping to build more resilient and sustainable supply chains, using more seasonal and locally sourced produce, reducing the risk of contributing to deforestation and raising standards on animal welfare.

PLUM MARKET KITCHEN, CLEVELAND

SUMMARY AND OUTLOOK

Over the last year, Compass has made considerable progress recovering from the unprecedented disruption caused by the pandemic. The significant improvement in our performance over the course of the year illustrates the success of our financial and operational recovery efforts. We focused on controlling what we could control; managing costs, strengthening the balance sheet and adapting our operations to continue to deliver excellent client service.

With our more dynamic and sustainable food offer, digital innovation and flexible approach to serving clients, we are now even more relevant to consumers' changing needs for increased convenience and versatility. Furthermore, by resizing the business and creating a more flexible approach to labour, we have also refined our internal processes creating greater efficiencies. Overall, these initiatives have created a more agile operating model for the business which will enable further growth as we emerge from the pandemic.

Whilst many parts of our business have adapted, the way we create value remains unchanged and very effective. Our market leading position gives us benefits of scale which, combined with our focus on operational excellence, client retention and new business, drives revenue growth and underlying margin improvement over time. To further support growth, our disciplined capital allocation framework prioritises reinvestment in the business to fund organic and inorganic growth opportunities which deliver attractive capital returns, ensures a robust balance sheet and rewards shareholders through the ordinary dividend, with any surplus capital being returned as additional shareholder returns.

Looking ahead, there is still some uncertainty in the macroeconomic environment particularly as it relates to labour shortages, inflation and the pandemic, which we expect to continue to impact our business in the nearer term. That said, the new business pipeline continues to be strong and we remain very confident in the long term growth potential of the Group supported by exciting significant structural market opportunities globally.

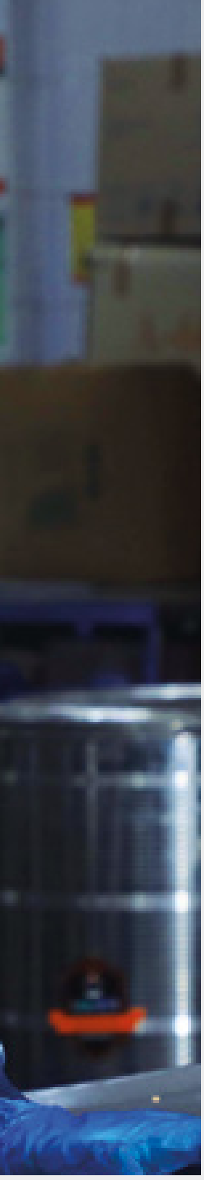
DOMINIC BLAKEMORE
Group Chief Executive Officer

23 November 2021

OUR CULTURE

A WINNING CARING CULTURE

Our Company values are central to our **unique culture** because how we achieve our performance and growth matters to us. Our values are reflected in the way we make decisions and take actions. Our customers experience our values in the service we deliver, every day, all over the world.



Our businesses and geographies are experiencing different stages of the recovery journey. Many countries are dealing with everchanging local circumstances as they battle the pandemic.

We are so proud of our people. Their passion, conscientiousness and care has helped us to control the controllable and win back opportunities. They live our values in every interaction every day.

This year, our collective focus on health and safety has been more important than ever. It is our peoples' hard work and agility that is helping us to reopen and mobilise safely.

And in a business built on people, we want the best.

We attract diverse talent because we invest in our people, recognise their great work and provide plenty of opportunities for long term career growth. It makes a world of difference because when people are appreciated and supported, they go the extra mile.

OUR VALUES

CAN DO SAFELY

We take a **positive** and commercially aware '**can-do**' approach to the opportunities and challenges we face

» See page 33.

OPENNESS, TRUST AND INTEGRITY

We set high ethical and professional standards. We want all our relationships to be based on **honesty, respect, fairness** and a commitment to open dialogue and **transparency**

» See page 83.

RESPONSIBILITY

We take **responsibility** for our actions, **individually and as a Group**. Every day, everywhere **we look to make a positive contribution** to the **health and wellbeing** of our customers, the communities we work in and the world we live in

» See page 51.

PASSION FOR QUALITY

We are passionate about delivering **superior food and service** and take pride in achieving these. We look to replicate success, learn from mistakes and develop the **ideas, innovation** and practices that will help us improve and lead our market

» See page 72.

WIN THROUGH TEAMWORK

We encourage individual ownership, but **work as a team**. We value the expertise, individuality and contribution of all colleagues, working in support of each other and readily sharing good practice, in pursuit of shared goals

» See page 92.

Q&A

WITH PALMER BROWN

GROUP CHIEF FINANCIAL OFFICER

"BY CONTROLLING THE CONTROLLABLE, WE DELIVERED CONTINUED MARGIN PROGRESSION, STRONG CASH FLOW AND EXCELLENT CLIENT RETENTION."

CONTROL
THE CONTROLLABLE

Q What does controlling the controllable really mean and what does it entail?

A 'Controlling the controllable' describes the many self help measures we have taken during the crisis to protect our business and help it thrive. These measures include: operational initiatives, such as contract renegotiations; creating a more flexible workforce; and refining our operating model. It also includes cost control action in food purchasing (MAP 3), in-unit cost (MAP 4) and above-unit cost (MAP 5). Certainly not all areas have been within our control, but we think that we have managed the items within our control quite well.

Q How have these initiatives helped during the crisis?

A Since the end of 2020, every action we have taken has contributed to the consecutive quarterly margin recovery, strong cashflow and the excellent client retention we have enjoyed in the last year. For example, contract renegotiations helped to cover our costs whilst we provided essential services for our clients at much lower volumes. Initiatives such as this, helped stabilise the business by stemming the losses we experienced during the early days of the pandemic.

Q What are the costs and benefits of the actions you've taken? Will these changes be permanent?

A Over the last year, we have made some difficult choices to protect the business in the short term whilst continuing to invest to unlock future growth opportunities. We spent £279 million during the pandemic on resizing the business and expect to generate annual overhead savings (MAP 5) of c.£90 million.

Q Can you explain what has changed to create a more flexible and dynamic workforce in Europe?

A We were faced with very difficult circumstances where our Healthcare & Senior Living business was operating at capacity, but all other sectors were impacted by the pandemic, so our resources were unbalanced. Where possible, staff were redeployed, but we also worked with our clients to tailor both our service offerings and our labour models for greater flexibility. Our clients received more consistent service standards and employees benefited from ongoing work opportunities.

KEY HIGHLIGHTS

160bps
underlying operating margin[1] improvement on 2020

£660 million
underlying free cash flow[1]

Find out more

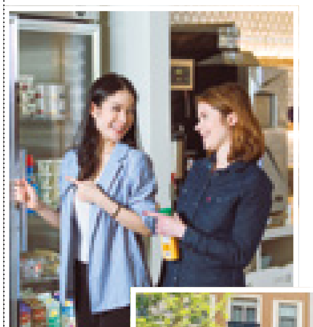
1. Alternative Performance Measure (APM). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

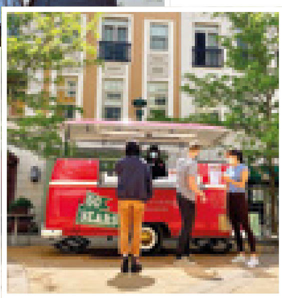
INVEST
IN GROWTH

KEY HIGHLIGHTS

c.50%
new business wins come from first time outsourcing

£654m
Gross capital expenditure[1] invested in the business





Find out more

Q Can you expand on some of the new business wins from 2021?

A During the pandemic, we experienced unprecedented challenges, but we have also further strengthened our position as a trusted and valued business partner. As clients have managed through the crisis, we have seen an increase in the importance of health and safety alongside innovative and flexible service propositions such as micro markets, grab and go concepts and frictionless stores. Our efficient business model and strong financial position have allowed us to continue to invest and innovate.

Q Can you give some reasons for this success?

A Our scale is important in driving efficiencies. We are the only Group that operates a sectorised approach, which allows us to better serve the desires and needs of our clients and consumers, but we think the primary reason for our success is our people and culture. We are a people business and our people and culture throughout the organisation – from fantastic frontline staff, who serve our clients daily, through to leadership – are absolutely key ingredients in our success. I'm proud that we spend a great deal of time and effort investing in people and culture and I'm convinced we have the best in the industry. Our ambition is to be a place where all our people thrive and feel safe, valued and included for who they are, and enjoy a phenomenal career from start to finish in one Group.

Q What does the new business pipeline look like for 2022 and beyond?

A Throughout the world, the impact of the pandemic continues to be felt. As a global business, we are mindful that countries and regions are at different stages in the recovery journey. Through our relentless focus on health and safety, as well as constant refinement of our service offering, we continue to build strong relationships with our clients. We are also very fortunate to experience continued interest from future clients seeking our support as a potential business partner. We are optimistic about our continued growth prospects as a result.

Q Can you share some examples of how you're adapting to the 'new normal' in a post-COVID world?

A Through the pandemic, we have commenced and accelerated a number of initiatives to adapt to shifting needs and preferences. Some examples include digital applications, on site delivery models and flexible operating models such as micro markets and grab and go. I'm particularly proud of the range of new and exciting concepts we have launched which have been well received by our clients.

Q How do you consider inorganic growth as part of the journey ahead?

A Inorganic growth offers us a range of opportunities to further build our business. By choosing to grow inorganically we can enhance our scale to drive efficiencies and returns, as well as diversifying our portfolio. Growth from acquiring other businesses or opening new locations is also a route to develop new capabilities, especially around new business models closely linked to digital and innovation. We assess any potential opportunity with a vital question: will this opportunity help us grow and ensure we can continue to deliver exceptional returns without compromising on the quality of our service?

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

Q&A

WITH GARY GREEN

GROUP CHIEF OPERATING OFFICER, NORTH AMERICA

“THIS YEAR WE HAVE OBSERVED RECORD NEW BUSINESS WINS AND CLIENT RETENTION.”

Q&A

WITH DEBORAH LEE

GROUP CHIEF PEOPLE OFFICER

"OUR ABILITY TO PULL TOGETHER AS ONE POSITIVE AND CARING TEAM HAS BEEN EXTRAORDINARY."

REOPEN AND MOBILISE
SAFELY

Q Can you tell us your reopening strategy in response to the labour shortages?

A We innovated quickly to attract new candidates. We have also initiated flexible shifts, increased opportunities for promotion, and offer highly competitive benefits which enhance our appeal to candidates. Our flexible work models help our people move between sectors and around the businesses, supporting career goals and personal development alongside our labour needs.

Q What else are you doing to attract potential candidates?

A We've adjusted our recruitment practices: online job fairs, shorter online application processes, deeper integration with major job platforms, and better data and analytics to help adjust to 'tougher to fill' markets. Our UK and Australian businesses have launched learning academies to help support the professional training needs of new joiners in those countries.

Q Can you say a little more about how you ensure the safety of your people, clients, and consumers?

A Health and safety will always be our top priority. That's why we are communicating regularly to ensure a safe environment. We're committed to robust hygiene, disinfection protocols and social distancing measures, including preorder, prepay and desk drop.

Q As we all adjust to a new normal, how are you training your colleagues for the future?

A We quickly pivoted from traditional classroom learning to eLearning and virtual instructor led courses, and this actually made training more convenient. Since March 2020, our US business' associates have completed over one million training sessions. In addition, through a new partnership with Guild, they are delivering educational assistance to frontline colleagues – to support their economic and career mobility within the organisation.

Q You have a diverse global presence. How do you adapt to opening and mobilising in each unique business?

A Each country is reopening at its own speed, hiring and training people whilst keeping safety their top priority. As we bring back our people we are training them in new processes using digital tools, eLearning and virtual learning to ensure that we exceed the expectations of our clients and customers.

Q The prolonged lockdowns have been hard on everyone. What are you doing to promote awareness of mental health and wellbeing?

A Wellbeing is at the heart of our business. We offer a range of support to our people: mental health first aider training; access to behavioural health support and counselling; a substance use treatment helpline; and award winning self care apps to help people stay healthy during these challenging times. These programmes will continue to be an essential part of our inclusive culture.

KEY HIGHLIGHTS

160k+
safety related operational assessments conducted in North America

53k+
COVID specific safety assessments carried out in North America

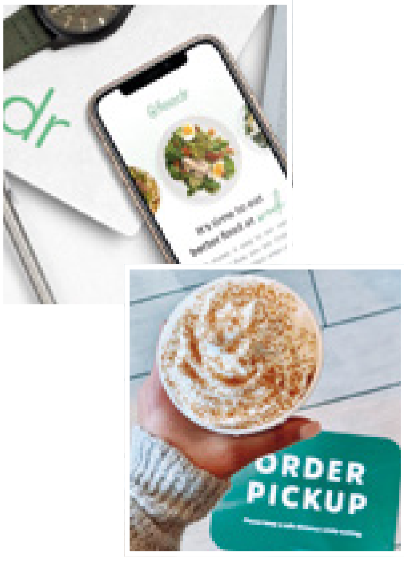
Find out more

OPTIMISE AND EVOLVE

KEY HIGHLIGHTS

Fourfold
acceleration of digital solutions

85%
of B&I consumers in the US order via mobile apps



Find out more

Q What surprised you the most about last year?

A It's been a very difficult year for everyone around the world and, sadly, many of our colleagues have been directly impacted by the virus. The hospitality sector was hit particularly hard, which meant that virtually overnight we had to manage change and take decisions more quickly than ever before. I think all of us learned that in times of turmoil, agility truly matters. During the early stages of the pandemic, we faced difficult operational challenges but it was heart warming to see how we supported each other through some of the hardest months. I was so impressed at how quickly our operators met the challenge and adapted to the 'new normal'. Truly, I could not be more proud of the commitment and dedication of my colleagues who pulled together during unimaginably difficult circumstances.

Q What were some of the changes you had to make?

A I don't think we left any stone unturned in our effort to evolve and optimise our operations. During the early stages of the pandemic, we focused on ensuring the safety of our employees and consumers. This included implementing robust health and safety protocols and social distancing measures. Digital innovation enabled us to provide new services, such as unattended markets or grab and go solutions. We also worked with our clients to adjust our food offerings and service model, taking into account lower volumes on site whilst building in flexible processes around scheduling and production.

Q Can you tell me more about some of your digital initiatives?

A We've seen a fourfold acceleration of digital initiatives across our businesses. Our clients and consumers are responding well to apps that allow them to preorder and prepay, or book tables in restaurants. Tailoring our offer is integral to our success. So we've developed multifaceted, bespoke solutions to address our clients' individual needs. For example, it was important to our manufacturing clients that operations continued uninterrupted through the pandemic. Other clients continued providing meals to employees who were working from home. Our digital labour model allowed us to increase support to the Healthcare sector at a time when our Sports & Leisure businesses were completely shut.

Q How important has innovation been during this period?

A We accelerated innovation during the pandemic and it gave us the vital edge in responding to the challenges that the pandemic presented. We were able to roll out new culinary and digital solutions with more flexible labour at an impressive pace and the results were striking. For example, our UK and Ireland (UK&I) business repurposed some of its central kitchens which previously served their vending network into centres of culinary excellence – called Copper Pan Kitchens. These centres can produce high quality food for clients who have smaller populations on site or no space for kitchens. Our teams have the knowledge and ability to quickly adapt to change. Thanks to their agility and innovative spirit, I am confident we have the right talent in place to help the businesses continue to thrive.

Q&A

WITH ROBIN MILLS

MANAGING DIRECTOR,
UK & IRELAND

"WE HAVE A STRONG DIGITAL FOUNDATION AND HAVE BEEN ABLE TO ACCELERATE SOLUTIONS THROUGHOUT THE PANDEMIC."

RESPONDING TO MARKET TRENDS

MARKET POSITION IN SECTORS

We estimate that the addressable global food services market is worth at least £220 billion. We are a leading global food service provider with around 10% market share in a market where approximately 75% of the market is serviced by large regional players or in house providers.

Despite the pandemic, the market for food and support services continues to offer significant structural growth opportunities. We have seen an acceleration in first time outsourcing across sectors and regions by clients looking for expertise in food safety and cost management.

Food service remains at the core of our offer. Business & Industry is an important sector, especially in more developed markets, demonstrating scale, efficiency, and best in class service delivery. COVID-19 accelerated the trend for a more digital and contactless service offering, as well as alternative service models.

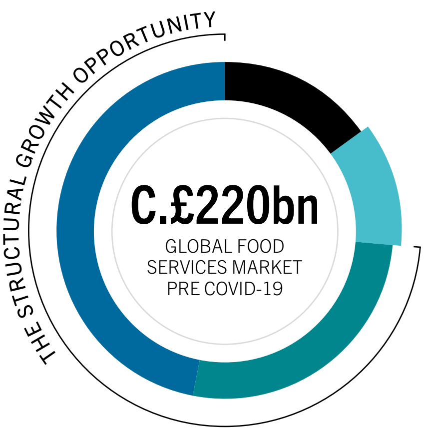
The Healthcare & Senior Living and Education sectors have significant potential for first time outsourcing. In Healthcare & Senior Living, we work directly with healthcare providers to provide food services that improve the overall patient experience. Throughout the pandemic, despite the additional demand from hospitals, we consistently delivered high quality food and services to our clients.

In Education, our expertise in nutrition means we are able to provide delicious food that supports learning at every stage of the education journey.

Sports & Leisure is a highly outsourced sector in which we benefit from our strong reputation across key markets. This sector has been the last to reopen, but has done so safely and successfully and demonstrated a good recovery in the last quarter.

The Defence, Offshore & Remote sector offers opportunities to build lasting strategic relationships with large local and international operators. In addition to nutrition and physical wellbeing, our solutions focus on the social, emotional and environmental needs of people working away from home.

We supplement our core food offer with targeted support services in certain markets and sectors, such as Healthcare & Senior Living and Defence, Offshore & Remote. In these sectors, we have the capability to meet the needs of clients who require cleaning and hygiene services with uncompromising quality; something particularly recognised by our clients throughout the pandemic.



- LARGE PLAYERS
- COMPASS GROUP
- REGIONAL PLAYERS
- SELF OPERATED

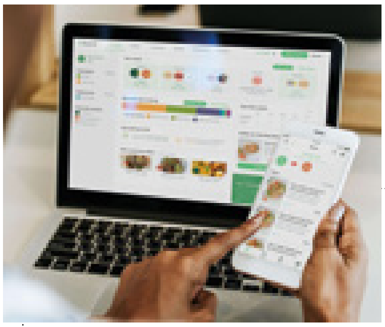
Numbers on this page relating to market size and penetration rates are based on management estimates and a range of external data.

FUTURE OF WORK

As we emerge from the pandemic, many businesses are experimenting with hybrid working – with workers splitting their time between the workplace and home. This is changing the behaviour of clients and consumers who increasingly require tailored solutions. Varied schedules will mean new, heightened demand for flexible food service offerings that are tailored to individuals and changing populations, plus more take home options and grab and go products.

How we're responding

Our adjusted service offerings have led to a more flexible labour model, which allows us to utilise talent more efficiently. Furthermore, we have leveraged central production units to increase the efficiency, consistency and quality of our service. We anticipate a continuing trend towards more adaptable offerings to reflect flexible work models. For example, our innovative self-service micro market solutions provide a seamless service. Changing ways of working present opportunities and we are encouraged that our clients already see value in our exciting new concepts.



DIGITAL EVOLUTION

Digital innovation saw a rapid evolution during the pandemic. As our sites reopen, increasingly, people want to feel confident in their environments. They are looking for contactless experiences. They also want to control the end experience associated with food. We are seeing a need for convenience in the form of consumer facing apps and kiosks to preorder, prepay, click and collect; as well as back of house technology for labour management and food procurement.

How we're responding

Our innovative Time2Eat app enables seamless advance ordering so that consumers can make the most of their time. And our virtual canteen offers, such as Feedr and Eat Club, help businesses returning to work, through flexible ordering which can help deal with fluctuating headcounts on sites, as well as reassuring people with safer collections. Additionally, they can manage corporate employee food allowances through our simple digital platform, managing efficiencies, reducing overall spend and tracking customer preferences.

HEALTH AND WELLBEING

From eating seasonally to adopting a plant forward diet, consumers are increasingly looking for healthier products. And as we emerge from the pandemic, this demand is only accelerating.

We want to make it easier for our consumers and our employees to make better nutritional choices, reducing their consumption of salt, fat and sugar, increasing their fruit and vegetable intake and eating smaller portions.

How we're responding

We are continuing to develop menus that provide a strong health and wellness selection which resonate well with our customers.

We are proud that the majority of our sites offer at least one healthy option at every meal; and in the year under review, we have introduced a virtual wellbeing programme to reach consumers at home.

SUSTAINABILITY

As awareness of the impact of climate change grows, consumers, clients and investors look to us to provide solutions.

Across the Group, we have set an ambition to be carbon neutral in our direct operations by 2030, and to be net zero across our entire value chain by 2050.

How we're responding

Our businesses address their environmental impact and help consumers make sustainable choices by providing more plant based menu options, reducing food waste and removing single use plastics and packaging where they can.

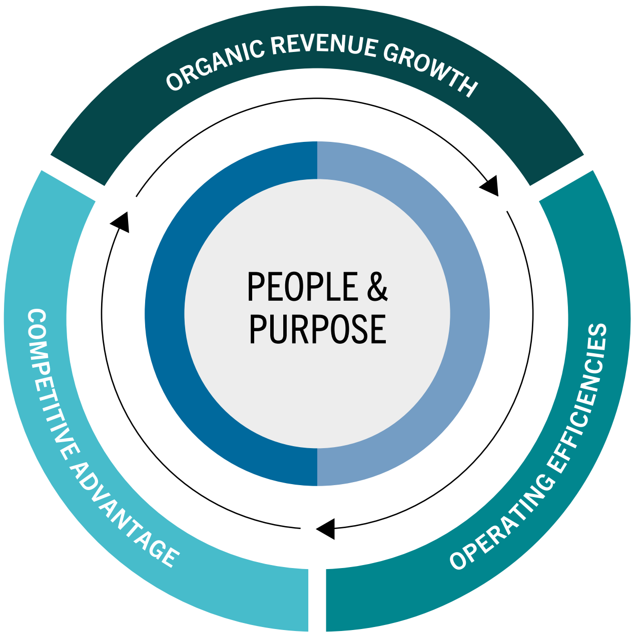
Looking ahead, we are focusing closely on sourcing responsibly from more resilient and sustainable supply chains. This is why, alongside measuring our strategic progress against the UN Sustainable Development Goals, we became a signatory of the Terra Carta – a sustainable markets initiative from HRH The Prince of Wales. We also became a signatory of Vision 2050: Time to Transform – an initiative which sets a shared vision of a world in which more than nine billion people are able to live well, within planetary boundaries, by 2050.

» For more information on our stakeholders and the planet, see page 40.

DRIVING PERFORMANCE

Despite the challenges of COVID-19, our strategy to deliver strong financial performance through our MAP framework, and to support a highly engaged and skilled workforce with a focus on safety and sustainability, remains intact.

Our focus on food, along with some specialised support services, continues to be relevant for growth because the market opportunity is significant and the pandemic has created more demand for first time outsourcing.



ORGANIC REVENUE GROWTH

Our business model begins with organic growth, which we drive through sectorising and sub sectorising. This approach allows us to differentiate ourselves and get close to our consumers to create bespoke and innovative solutions. Organic growth is supplemented by small and medium sized acquisitions that add capability or scale in our existing markets.

OPERATING EFFICIENCIES

We focus on operational execution and generate efficiencies by optimising our supply chain and diligently managing our food and labour costs. These benefits enable us to reinvest in digital and culinary innovation to maximise the significant growth opportunities for the Group.

COMPETITIVE ADVANTAGE

Our growth, the scale it creates and our focus on cost and efficiencies, along with our robust balance sheet, gives us real competitive advantage. These advantages allow us to provide our clients and consumers with the best value in terms of quality and cost which, combined with our sectorised approach, helps drive long term sustainable organic revenue growth.

PEOPLE & PURPOSE

Our people and purpose are at the heart of our business. Our aim is to nurture an engaged and highly capable workforce to win new business, manage our units efficiently and effectively, and deliver the healthiest, most innovative food solutions in a way that provides a safe and exciting experience to our clients and consumers.

THE MAP FRAMEWORK

ORGANIC REVENUE GROWTH

MAP 1 & 2

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

MARGINS

MAP 3, 4 & 5

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

INVESTMENT

Capex/bolt-on M&A

FREE CASH FLOW

SHAREHOLDER RETURNS

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

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

We use the Management and Performance (MAP) framework to drive performance across the business. MAP is a simple framework which is embedded in our culture and allows us to harness the power of the organisation by ensuring all employees are focused on the same set of performance drivers, which are:

MAP 1: CLIENT SALES AND MARKETING

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

MAP 2: CONSUMER SALES AND MARKETING

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

MAP 3: COST OF FOOD

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

MAP 4: IN-UNIT COSTS

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

MAP 5: ABOVE-UNIT OVERHEADS

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

KEY PERFORMANCE INDICATORS

MEASURING PROGRESS

We track our progress against a mix of financial and non-financial measures, which we believe best reflect delivery of our strategy. We measure growth, efficiency and shareholder returns – all underpinned by safe and responsible working practices.

STRATEGIC FINANCIAL

ORGANIC REVENUE CHANGE[1]

-6.3%

21	-6.3%
20	-18.8%
19	6.4%
18	5.5%
17	4.0%

Organic revenue growth compares the underlying revenue delivered from continuing operations in the year under review with that from the prior year, adjusting for the impact of acquisitions, sale and closure of businesses and exchange rate movements.

Why we measure
Our organic revenue performance embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.

UNDERLYING OPERATING MARGIN[1]

4.5%

21	4.5%
20	2.9%
19	7.4%
18	7.4%
17	7.4%

Underlying operating margin is calculated by dividing the underlying operating profit (before share of profit after tax of associates) by the underlying revenue.

Why we measure
The operating margin is an important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.

FINANCIAL

RETURN ON CAPITAL EMPLOYED (ROCE)[1]

7.7%

21	7.7%
20	4.7%
19	19.5%
18	20.2%
17	20.3%

ROCE is calculated by dividing the net operating profit after tax (NOPAT) by the 12 month average capital employed. NOPAT is calculated as underlying operating profit from continuing operations less operating profit of non-controlling interests before tax, net of income tax at the underlying rate for the year.

Why we measure
ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or bolt-on acquisitions.

UNDERLYING BASIC EARNINGS PER SHARE[1]

29.5p

21	29.5
20	18.6
19	85.2
18	77.9
17	72.3

Underlying basic earnings per share is calculated by dividing the underlying attributable profit by the weighted average number of shares in issue during the year.

Why we measure
Earnings per share measures the performance of the Group in delivering value to shareholders.

1. Our financial Key Performance Indicators represent underlying and other Alternative Performance Measures which are not defined by generally accepted accounting principles (GAAP). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

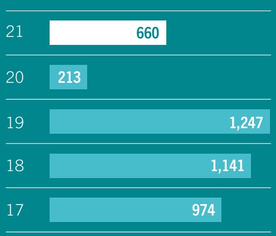
Growing the business and driving ongoing efficiencies are integral to our strategy. The importance of safety in everything we do is demonstrated by three non-financial performance indicators that we use across our businesses.

The Group KPIs should be read in conjunction with the Strategy and Risk sections.

» See pages 8 to 24 and 73 to 82, respectively.

UNDERLYING FREE CASH FLOW[1]

£660m



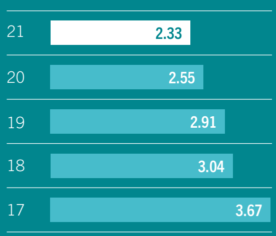
Underlying free cash flow measures cash generated by continuing operations, after working capital, capital expenditure, interest and tax but before acquisitions, disposals, dividends and share buybacks.

Why we measure
We measure the success of the Group in turning profit into cash through the management of working capital and capital expenditure. Maintaining a high level of cash generation supports our progressive dividend policy.

NON-FINANCIAL

GLOBAL LOST TIME INCIDENT FREQUENCY RATE

2.33



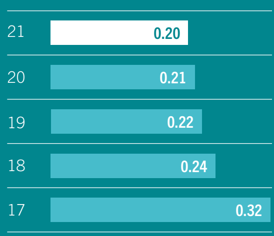
Health and safety

Cases where one of our colleagues is away from work for one or more shifts as a result of a work related injury or illness.

Why we measure
A reduction in lost time incidents is an important measure of the effectiveness of our safety culture. It also lowers rates of absenteeism and costs associated with work related injuries and illnesses.

GLOBAL FOOD SAFETY INCIDENT RATE

0.20



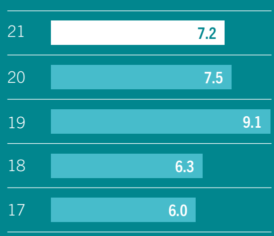
Food safety

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

Why we measure
The Food Safety Incident Rate is a helpful measure of our ability to provide food that is safe and of the right quality to our consumers globally.

GHG INTENSITY RATIO[2]

7.2 $tCO_2e/£m$



Environment

GHG intensity ratio relating to 29 countries, which represents 98% of Group underlying revenue[3]. See page 47 for more information.

Why we measure
Since 2008, we have been measuring our carbon emissions to monitor our impact on the environment and increase operational efficiency.

2. The scope and methodology of our GHG emissions reporting changed in 2019, therefore previous years' data is not comparable on a like for like basis. We are monitoring the energy usage and greenhouse gas emissions of our owned and operated sites across 29 countries (2020: 27). GHG intensity ratio is calculated by dividing our total gross GHG emissions (location based) by underlying revenue for the countries monitored which represent 98% of Group underlying revenue (2020: 97%).
3. Alternative Performance Measure (APM). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

CREATING VALUE FOR ALL OF OUR STAKEHOLDERS

We seek to create value for all our stakeholders and take their feedback into account to ensure, as much as possible, that we all benefit from Compass' success.

We have a wide range of stakeholders that include clients, consumers, colleagues, suppliers and shareholders, the communities in which we operate and the global environment which we all share. The success of our strategy is reliant on the support and commitment of all our stakeholders. Their interests are important to us and we are committed to maintaining strong, positive relationships with them, built on a foundation of mutual respect, trust and understanding.

How the Company engages with its stakeholders is detailed in the following pages, and how the Board takes stakeholder views into consideration in its decision making is detailed on pages 98 to 101.

WE FOCUS ON THREE KEY STRATEGIC PILLARS

PEOPLE

Our colleagues around the world are at the heart of our business and we believe the way we organise, train and develop them is a critical competitive advantage. Supporting them in the challenging circumstances brought about by COVID-19 has been a key priority this year.

» See pages 32 to 39 for more detail.

PERFORMANCE

We manage the business using our Management and Performance (MAP) framework. The discipline it brings ensures we are managing the business efficiently while continuing to delight our clients and consumers with innovative, healthy and exciting food service solutions.

» See pages 24 to 27 for more detail.

PURPOSE

The COVID-19 pandemic has further emphasised the importance of leading with purpose to realise the true potential of the organisation.

We support initiatives across the Group that support the health and wellbeing of our people, clients and consumers, and are beneficial for the environment and the communities in which we live and operate.

» See pages 40 to 53 for more detail.

SECTION 172 (1) STATEMENT

The Board considers that the directors, both collectively and individually, have acted in a way that would be most likely to promote the success of the Company, for the benefit of its members as a whole, in its decision making. The directors confirm that the deliberations of the Board, which underpin its decisions, incorporate appropriate regard to the matters detailed in section 172 of the Companies Act 2006.

As a geographically and culturally diverse business with colleagues in 45 countries, Compass has a global and diverse community of stakeholders, each with its own interests in and expectations of the Company. Although the Board sometimes engages directly with stakeholders, due to the scale and geographic spread of our businesses, stakeholder engagement mostly takes place at an operational level and the Board is therefore reliant on management to help it fully understand the impact of the Company's operations on its stakeholders.

During the year, the Board considered information from across the Group's businesses and received presentations from management, which enabled the consideration of the likely consequences of decisions over the long term and, where relevant, the impact of the Company's activities on its stakeholders and the environment.

As a Board, the collective role of the directors is to act as effective and responsible stewards of the Company. In so doing, the Board ensures that the Company is well positioned to achieve long term sustainable success and deliver value for its stakeholders as a whole.

The Board recognises that being aware of the needs and expectations of stakeholders is important, but it sometimes has to make difficult decisions based on competing priorities where the interests of shareholders and other stakeholders are not fully aligned. Decisions are not taken lightly and the decision making process has been structured to enable directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term, with the aim of safeguarding the Company so that it can continue in existence, fulfilling its purpose and creating value for future stakeholders.

Details of how the Board and the directors have fulfilled their section 172 duties can be found throughout the Strategic and Governance reports. The following sections have therefore been incorporated by reference into this statement:

- Our business model and strategy, pages 24 to 27
- Creating value for all our stakeholders, pages 28 to 31
- Our People, pages 32 to 39
- Corporate Responsibility report, pages 40 to 53
- Risk Management – Identifying and managing risk, pages 73 to 81
- Consideration of stakeholder interests in decision making, page 101
- Board oversight of stakeholders, pages 98 to 100
- Monitoring culture and engaging with our employees, page 102
- Corporate Responsibility Committee report, pages 134 to 143

OUR PEOPLE

Colleagues who work in our businesses

Areas of focus

- health and wellbeing
- diversity and inclusion
- recognition and careers

Why we engage

Our people are at the heart of our businesses and key to our ongoing success. We want our people to thrive in a fair and inclusive work environment. By understanding the needs and motivations of our people, we believe we can drive business performance and provide a great place to work.

How we engage

We engage with our employees on a number of levels. Our engagement is primarily through our supportive management structure, and our open and honest policy for feedback and discussion.

We make use of engagement surveys, roundtables, townhall meetings, Speak Up, We're Listening reports, internal social media channels and consultative bodies. We welcome innovation and engagement from employees on a Group wide basis.

CLIENTS

The businesses and organisations for which we provide services around the world

Areas of focus

- working within defined sectors, creating bespoke, innovative solutions to match specific market and client requirements
- health, wellbeing and focused sustainable Corporate Responsibility initiatives
- technology and analytical innovation to support consumer solutions

Why we engage

By understanding what is important to our clients, we ensure that our solutions are tailored to support their individual requirements.

How we engage

We aim to have open and transparent relationships that are based on honesty and respect. We build relationships at all levels of our client organisations, sharing market trends and insight, and developing strategic and operational plans, against which we regularly report. In many of our markets our businesses conduct independent client surveys which measure satisfaction levels.

CONSUMERS

The people to whom we serve food and drink and provide support services

Areas of focus

- safe, delicious and healthy food staying ahead of changing consumer lifestyles and habits which impact how people want to eat and drink
- making sure that our food and beverage offer is sustainable and limits waste for the planet
- clean and safe environments

Why we engage

We exist to serve people with nutritious food and drink, which helps them learn better, work better and recover better. We want our consumers to thrive and we create the environments to help them do that, at all life stages.

How we engage

We use a variety of methods including formal surveys, social media, comment cards, workshops and observation. An example of this is our 'did-we-make-you-smile' online survey, provided on site by many of our businesses, through touch screen kiosks and QR codes made available to their consumers. Following success in the UK & Ireland, this has also been rolled out by our Europe and Middle East businesses, with the ambition to introduce Net Promoter Score as the leading performance indicator for consumers in this region.

Key People Performance Purpose

ENGAGING WITH OUR STAKEHOLDERS CONTINUED

SHAREHOLDERS

Individuals or institutions that own shares in Compass Group PLC

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

Why we engage

Our philosophy is to engage in regular, open and transparent dialogue with our existing and prospective shareholders. We value their thoughts and opinions, which are shared with the Compass Group Board. The Board reviews the feedback and takes appropriate actions to address any concerns.

How we engage

We engage with our existing investors through one to one and group meetings, webcasts, presentations, conference calls and at our AGM. This year, the Company held 362 virtual meetings with investors through a mix of group and one to one appointments, 70 of which were attended by members of Group management including the Group CEO, Group CFO, Group General Counsel and Company Secretary, Group Chief People Officer, Group Reward Director and the Global Head of Sustainability. The Chairman and the Remuneration Committee Chair also attend investor briefings as appropriate.

SUPPLIERS

Our trusted partners who source, produce and deliver products and services

Areas of focus

- food safety and authenticity
- workplace health and safety
- supply chain integrity
- human rights
- environmental impact

Why we engage

To collaborate on building resilient and sustainable supply chains through mutually beneficial, long lasting partnerships, and to communicate our supply chain standards, expectations and commitments.

How we engage

Our businesses regularly communicate with their suppliers and conduct formal supplier surveys, reviews and audits; and regular multi stakeholder supplier conferences are held in some of our larger markets. Our businesses are looking forward to being able to return to engaging with their suppliers in physical venues over the coming year.

COMMUNITIES

The people who live in the local communities around our sites and operations

Areas of focus

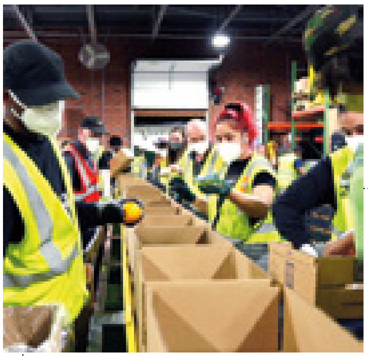
- fair employment and equal opportunities
- local causes and issues
- health and wellbeing
- food waste

Why we engage

To build trust by operating responsibly and sustainably, and addressing issues that are important to our communities. We also provide training opportunities and support to local people currently not in education, training or employment.

How we engage

Our businesses operate many local employment programmes to recruit and develop local people to work at their sites. They partner with local charities and organisations to raise awareness and funds to help local causes. They also donate surplus food to various organisations that pass it on to people in their communities who need it.



NGOS

Non-governmental organisations (NGOs) which support us with knowledge and expertise on key social, environmental and economic issues

Areas of focus

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

Why we engage

To ensure we stay up to date and develop effective action plans so we can have a positive impact on key social, environmental and economic issues.

How we engage

We engage with NGOs through regular communications, interactions and meetings, as well as through industry association memberships and at forums and conferences. Due to the ongoing pandemic, many forums and conferences this year have been held virtually. We are looking forward to increasing our engagement with NGOs at physical meetings going forward.

GOVERNMENTS & REGULATORS

Regional and national government bodies and agencies which implement and enforce applicable laws across our industry

Areas of focus

- consumer health and public health policies
- food safety
- workplace health and safety
- human rights
- climate change
- legal and regulatory compliance

Why we engage

To communicate our views to those who have responsibility for implementing policy, laws and regulations relevant to our businesses.

How we engage

Through a series of industry consultations, forums and conferences.

OUR PEOPLE

DEBORAH LEE
Group Chief People Officer

Our people are at the heart of who we are and what we do. As new waves of lockdowns and restrictions were imposed and relaxed across our markets, the resilience and dedication of our people has been extraordinary, and has proven to be a vital ingredient in our success this year. It is a testament to them that, despite facing unprecedented operational challenges, they have continued to serve our clients, consumers and communities with passion, creativity and care, whilst maintaining an unwavering focus on health and safety.

We have worked together as a team to handle uncertainty this year, and also prepare our people for future opportunities. We work hard to build an open culture in which our people can thrive, feeling safe and valued for who they are and what they bring to Compass. We welcome the support and input of external experts like Dr Paul Litchfield who has helped steer our response through the pandemic in the role of Chief Medical Advisor.

CONFRONTING A PANDEMIC

Q&A with Dr Paul Litchfield, Chief Medical Advisor to Compass Group

Q What have been the threats to employee wellbeing through the pandemic?

A First and foremost has been the risk of serious illness and even death. Many team members have supported the continuance of key services throughout periods of restriction and lockdown – they have very much been on the frontline. Close behind that comes concern about job security and other financial issues plus the more insidious effect of isolation and the fracturing of normal human relationships.

Q What did you observe as the Company's response to these threats?

A I've worked with teams across the world and clear leadership from the very top has been evident everywhere. That overriding concern for the safety and welfare of colleagues has set the tone and specialist functions like Health and Safety, People and Procurement have worked collaboratively to support operational teams on what has been a steep learning curve.

Q Can you give any examples of things that have impressed you?

A There are so many. It has been particularly challenging in parts of the world where migrant workers live in onsite accommodation. It has required a holistic approach that goes way beyond the experience of most employers. The systems put in place to keep people safe in every aspect of their existence, coupled with highly effective education initiatives spanning multiple languages and cultures, have been exemplary. But it hasn't stopped at safety – mental health and wellbeing have been priorities and going the extra mile to provide things like free broadband for communicating with loved ones, facilitating remittances home to avoid lengthy hazardous queues at money exchanges, and just making sure the food for those in quarantine is high quality, have made an enormous difference to those who are among the most vulnerable in society.

Q Have you got a sense of the reaction from clients?

A When you handle a crisis calmly and effectively with minimal disruption to service it cannot fail to impress clients. I've seen examples in multiple geographies where clients have looked to Compass for guidance on how to manage COVID-19 issues in their own workplaces. Even governments, with all their resources, have adopted Compass protocols for wider use in their countries.

Q Do you think there will be longer term consequences of the pandemic?

A Many things have been done differently because of COVID-19 and some of those changes will remain because they've proved to be better than the old ways. The greater use of technology in areas like digital ordering, scheduling and monitoring will continue to deliver benefits to clients and consumers and the businesses. Perhaps most importantly is the legacy of supporting people through a really difficult patch. Colleagues remember those things and will repay the investment many times over in the years to come.

CAN DO SAFELY

CAN DO SAFELY

Throughout the pandemic, we have worked non-stop to ensure the safety and wellbeing of our clients, our employees, our consumers and the communities we serve. Each sector in each country has its own reopening plan, but we're also sharing best practices and collaborating to develop new solutions designed for all. We are proud that for the fourth consecutive year, Compass Group USA has been named one of the Healthiest 100 Workplaces in America by Healthiest Employers® for its commitment to the health and wellbeing of its people. Our UK&I business's Stay Safe, Eat Well programme incorporates social distancing and safe service as well as technology enabled capacity management to manage restaurant flows and enable click and collect. We hope the programme will give our employees and customers confidence that they can return to work safely.

CARING FOR OUR PEOPLE

We know the mental wellbeing of our people is critical. Initiatives across the Group aim to support our people locally to deal with situations that can cause personal challenges; for example, our US business has launched a new benefit enabling colleagues to access 50% of earned wages in advance of payday, helping them to manage their finances more effectively.

We want our workplaces to have a culture of openness and help eradicate the stigma of mental health through educational events, skill building and awareness raising. Initiatives across the globe focus on these important issues, for example: in the UK&I we've emphasised to our people that You Matter; in Australia We've Got Your Back; in Argentina We're By Your Side; and our Just Now programme in Canada helps our people access support whenever they need it. In conjunction with Braver Minds, accredited mental health first aider training has been offered across the UK, US and Europe and we are delighted to note the high levels of interest and voluntary completion of these programmes.

PREPARING OUR PEOPLE

Personal skills and career growth are Compass commitments. We want everyone to have the opportunity to develop their skills. Over the last 12 months, we've launched virtual training and development programmes using the new digital capabilities embraced during the pandemic. The new methods of delivery have added engaging, interactive solutions to our broad portfolio of learning and development offers.

LEADERSHIP FOR GROWTH

We launched virtual versions of Leadership in Action, our flagship unit manager training programme which equips managers to create inclusive, engaging environments. The training is delivered in local languages across 32 countries and integrates digital modules with live coaching in North America.

Our Mapping for Value and Mapping for Action global training programmes continue to reinforce our use of the MAP framework for all Leadership Team members and Management respectively.

TALENT FOR GROWTH

During 2021, the businesses responded both positively and proactively to labour challenges globally. Attracting and retaining frontline colleagues and key talent with critical skills has been a core focus. We support entry level opportunities and invest in their development at every stage of our people's careers and many of our businesses offer a wide range of apprenticeships, graduate and trainee positions.

We have over 1,300 active apprentices and trainees and nearly 1,400 graduates joining our teams around the globe. Our programmes offer new entrants a breadth of experience across our business sectors and functions, where they gain real job experience including retail, fine dining, guest services and events management.

This year, we launched 100 Compass Career Stories to celebrate the investment in our people and their success. This campaign celebrates a small segment of diverse talent from across our businesses and explains the ways in which we've supported people's careers. These stories bring to life the external recognition we've received, e.g. Forbes 2021 Best Employer for New Graduates in the US and Top 100 graduate employer three years in a row by The Job Crowd in the UK.

LEAD DEVELOPMENT CHEF, UK&I

"I WOULD ENCOURAGE ANYONE TO JOIN THE APPRENTICESHIP PROGRAMME AT COMPASS UK&I. WE HAVE AN AMAZING PIPELINE OF TALENTED CHEFS WHO ARE ALREADY BECOMING EXPERTS IN THEIR FIELDS."

Forbes 2021 THE BEST EMPLOYERS FOR DIVERSITY

FORTUNE WORLD'S MOST ADMIRED COMPANIES

Forbes 2021 THE BEST EMPLOYERS FOR WOMEN

Forbes 2021 THE BEST EMPLOYERS FOR NEW GRADS

H100 Winner 2021 HEALTHIEST 100 scored by Springbuk

SKILLS FOR GROWTH

We are continually innovating across our development portfolio to support a range of skills. Experiences and modules are shared within our businesses, enabling us to quickly develop and enhance our training programmes with confidence of their successful impact. For example, in 2021 our UK&I business announced a landmark culinary programme in collaboration with esteemed chef, Marcus Wareing. The programme is designed to build skills, grow knowledge and expand imagination, so candidates can take their career to truly exceptional places.

Our French business has implemented Planète Chef, a programme where potential employees can apply without the need for a c.v., entering a two year training programme to qualify as a chef supplemented with additional skills in the French language, literacy and numeracy. And in our US business, in partnership with Thompson Hospitality, the Navigate internship programme serves children in underprivileged communities and is an established part of our commitment to diversity, equity and inclusion. Over the last 12 months, our US business has invested in and expanded the programme, positioning it as an industry leader.

Our US business has also launched a digital module on COVID-19 training which enabled it to reach over 140,000 associates quickly and with consistent standards on health and safety protocols.

Our Australian business invested Au$1m in their Compass Leadership Academy, where learning experts support the development of leaders throughout the business with a series of programmes covering: induction, stepping up, management essentials, coaching and leadership.

INVESTING IN TRAINING AND DEVELOPMENT FOR FEMALE CHEFS

OPEN TO ALL

Creating an environment where colleagues are welcomed and can be themselves, feel they belong and fulfil their potential, puts us one step ahead. We believe that diversity of thought, experience and background at every level makes us a better business. We are committed to hiring, developing and retaining diverse talent which reflects the communities in which we live and work.

The Group takes a holistic approach to ensure people feel welcome and are treated fairly and with respect, regardless of their background, race, gender, gender identity, age, sexual orientation, religion or experience. There are many ways in which we are working to support becoming a more diverse organisation: leadership, training and awareness raising, employee listening, recruitment and our approach to talent management, to name a few.

In 2021, we partnered with a not for profit learning platform, The Human Library, to deliver a series of immersive, inclusive leadership experiences with our Board, Executive Committee and other leadership teams across the Group. The purpose of these sessions was to build a broader understanding of the power of diversity, equity and inclusion and increase awareness across the organisation.

GENDER BALANCE

We are committed to maintaining at least 33% female representation on the Board, the Executive Committee and its direct reports, in line with the recommendations of the Hampton-Alexander Review.

To maintain our progress and talent pipeline we seek to develop our women and create promotion pathways to leadership through our internal initiatives such as Women in Leadership in the UK&I, Winning Operator Women in Europe, and Women in Culinary in the US. The Company is also involved in external partnerships with the 30% Club cross company mentoring programme and Women in Hospitality, Travel and Leisure (WiHTL).

2021 FEMALE REPRESENTATION

	2021[1]	2020
Board	**36%**	33%
Executive Committee	**33%**	42%
Senior Leaders	**35%**	38%
All Management	**46%**	46%
Total Workforce	**57%**	57%

1. Figures stated as at 30 September 2021.
2. The gender breakdown disclosures required in the Strategic Report pursuant to section 414C(8)(c) of the Companies Act 2006 are made on page 182, and are incorporated by reference into the Strategic Report.

MAKING A POSITIVE CONTRIBUTION

ORIGINS

In the year, our US business surveyed its people on the topic of diversity and inclusion and conducted extensive analysis to share with its businesses. Each sector has developed action plans to attract and grow ethnically diverse talent and the overall promotion rate amongst ethnically diverse groups has increased by 3%.

The sectors continue to evolve their established programmes such as: the Touchpoint/Morrisons Living Black Leadership forum; Restaurant Associates Black Voices; Levy Employee Resource Group for Black Associates; Foodbuy Advocacy Council; Flik Entrepreneurial Council; and the UniDine employee resource group for Black Associates.

Our UK&I business also launched a new ambassador programme called Within, which aims to promote cultural diversity in a work environment, sharing best practice and inspiring others to make inclusion a reality.

PRIDE

We actively support the LGBTQ+ community. The UK&I's Pride in Food network strives to create an inclusive and diverse work environment where everyone can freely be themselves and maximise their potential.

Pride month in June 2021 was packed with celebrations and lived experiences across the businesses where colleagues discussed 'what pride means to you'. A dedicated session on the correct use of personal pronouns was hosted by The Pride in Food network in UK&I.

Our Australian business launched Pride as a key pillar this year and became a member of Pride in Diversity to provide awareness training for leadership, People teams and allies.

In India, our local business pioneered the Pride Pillar, taking a journey to be Trans Inclusive. This involved a four stage approach and included the production of a comprehensive Trans Inclusion Guide, which has been embedded through awareness training across the regions of the country. This approach has laid the foundations for facilitating trans inclusion from recruitment to support throughout an employee's career journey.

ABILITY

Our businesses work with employment service providers to actively recruit people who identify as having a disability. For example our Brazilian business, in partnership with the Chefs Especiais Institute, trains people with Down's Syndrome to be culinary professionals. Our Middle East business works with the Zayed Higher Organisation to deliver quality culinary training for persons with disabilities and their parents. All participants receive a globally acknowledged diploma.

SOCIAL MOBILITY

One of the lasting positive effects of the pandemic is the heightened focus on social mobility. At Compass, we are uniquely positioned to offer a career path that is open to all regardless of background and we believe deeply that everyone should have the opportunity to develop and progress. We offer access to the precious 'first rung' on the ladder – the first job that enables a colleague to gain confidence and skills, as well as the chance to progress.

PRIDE IN FOOD

EMBRACING INCLUSION

WOMEN IN FOOD

Our businesses continue to attract and employ people from low social mobility hotspots, welcoming people from every type of background. This drives meaningful social change across the breadth of our operations in all sectors and geographies.

Our UK&I business has launched the Compass Academy, to train and develop future workers in the hospitality sector. The academy will be housed in a state of the art facility situated close to areas of low socioeconomic growth, offering onsite and online training in a range of skills applicable to the food service industry. As an approved provider of the KickStart scheme, the UK&I business provides work placements for 16-24 year-olds receiving Universal Credit. This helps to ensure that they receive training and develop new skills, with the opportunity to obtain a permanent position within our UK&I business.

In June 2021, our Australian business similarly unveiled The Academy: a Perth training centre designed to train and upskill 3,500 existing and new employees. The Academy is built on a desire to change and improve the resident experience in remote resource camps. Further academies are to be opened across Australia in the coming year.

TAKING PRIDE IN DELIVERING SUPERIOR FOOD AND SERVICE

ENGAGING WITH OUR PEOPLE

As our people are at the centre of our businesses, it is crucial that they have a voice in the way we operate. Their meaningful engagement enables our businesses and their experiences to continue to improve.

Listening to what our colleagues have to say and making changes to improve their experience is one way we can positively impact them and their families. We have a structured approach to delivering our ambition to create truly inclusive workplaces, which is based on continuous listening, gathering insights, taking action and proactive communications.

We were pleased to see positive and improved engagement levels in our Group November 2020 pulse surveys. The themes were consistent with the 2019 Group engagement survey, maintaining strong scores in health and safety and diversity and inclusion. Recommending us as a place to work increased by 12%.

In March 2021, our US business launched its own engagement survey which included over 100,000 people. Top scoring questions were on health and safety, which is a priority, and participants also scored our environment, our attitudes and our ability to equip our people, higher than ever before. We were also pleased to see that sense of motivation and teamwork improved by 5% and 4% respectively.

“OUR BUSINESSES CONTINUE TO ATTRACT AND EMPLOY PEOPLE FROM LOW SOCIAL MOBILITY HOTSPOTS, WELCOMING PEOPLE FROM EVERY TYPE OF BACKGROUND. THIS DRIVES MEANINGFUL SOCIAL CHANGE ACROSS THE BREADTH OF OUR OPERATIONS IN ALL SECTORS AND GEOGRAPHIES.”

SUPPORTING EACH OTHER

The Group CEO and Group CFO, together with other members of the Executive Committee, have held a number of virtual townhalls with colleagues across the Group during the year. These sessions covered a range of topics and enabled the Group's executive management to share and discuss what is happening in the businesses with our people. Similar forums have been held at local and regional level with high participation rates. Across the US, 4,975 colleagues participated in 24 Virtual Zone meetings, and almost 500 associates attended a one day summit on diversity, equity and inclusion.

Our Designated Non-executive director (NED) for workforce engagement, Ireena Vittal, hosted six virtual roundtables in the year with employees from across the businesses. These roundtables, together with the outcomes from other engagement activities, provide excellent insight to wider employee sentiment and gave our people an opportunity to speak directly to a member of the Board of directors, ensuring the employee voice is heard in the Boardroom.

The main themes observed at the roundtables, which were reported to the Corporate Responsibility Committee and the Board, were:

- continued pride in our response to the pandemic
- our ability to build confidence and provide clarity for our people and clients
- concerns about wellbeing and potential increased levels of anxiety as the crisis extended, with proactive sharing of ideas, interventions and support given to employees
- the positive impact technology had as an enabler for the businesses, alongside a desire to get back to meeting people in person and rebuilding personal connections

"HAVING IREENA ON THE CALL TO PASS ON POWERFUL MESSAGES TO THE BOARD IS ESSENTIAL."

ROUNDTABLE PARTICIPANTS

Participants represented different sectors of our business from across the globe.

Sessions held	Countries represented			
5 March	Norway	UAE	USA	
12 March	USA	Spain	UK&I	
23 April	UK&I	India	Japan	
28 April	Australia	Japan		
30 August	India	Japan	Hong Kong	Singapore
8 September	USA	Brazil		

How the Board has considered the Group's employees in its decision making during the year is discussed on page 101.

IREENA VITTAL
Non-executive director, and Designated NED for workforce engagement

Q&A WITH IREENA VITTAL

Q **How do the views of the workforce help the Board?**

A Our employees' voices are considered in business planning and are critical in the ongoing development of our culture. Hearing from our colleagues on the ground enables us to gain valuable insights into what our clients and consumers want and expect.

Q **Why is it important for workers to have a voice?**

A The breadth and scale of our businesses uniquely position us to make a positive impact wherever we have a presence, and the insights from our workforce help us to understand what's important to them, our clients, consumers, and the communities we serve. This enables us to shape how we address the challenges we face both at work and in society.

Q **How do you help raise the voice of employees in Compass?**

A I host a number of roundtables with employees across varying countries, markets and sectors, who share their experiences and learn from each other in a relaxed environment. This gives them the freedom to explore a variety of topics that really matter to them, and gives me the opportunity to understand firsthand where the challenges and opportunities lie. I share my findings with the Board and Corporate Responsibility Committee. These discussions enable me to test and challenge the findings compared to the results of the other engagement activities that are run throughout the year.

Q **How important has employee voice been to you in 2021?**

A As the business reopens, it is critical that we continue to monitor employee sentiment as there will be differing experiences across countries, sectors and markets. COVID-19 has had a huge effect on all of us. But listening to our employees during this difficult time has ensured that we're in touch with the different needs of our people. Employee voice has also better enabled us to understand any areas of focus and make impactful changes.

CORPORATE RESPONSIBILITY REPORT

PALMER BROWN
Former Group Commercial Director (up to 4 October 2021), with responsibility for Health, Safety and Sustainability

DRIVEN BY OUR PURPOSE

Our Company purpose has never been more relevant. We provide great food and support services to millions of people around the world every day. We remain committed to keeping people safe and healthy and having a positive impact, as we strive to support not only healthy people, but a healthy planet too.

» Read more about our purpose online.

Our Planet Promise is Compass Group's global commitment to a sustainable future for all. It encompasses our values as an ethical, sustainable and inclusive business; the commitments we make to our people, our clients and our suppliers; and our mission to have a positive impact on the world through sourcing responsibly, enriching lives and collaborating for global change.

In the last year, our purpose has continued to drive innovation and collaboration across the Group as we strengthened partnerships with clients, business partners and local communities. It has helped us navigate the difficulties of the pandemic and will continue to inform our actions as we look forward to reopening sites and welcoming back our employees, clients and consumers. COVID-19 has also reinforced the importance of health and safety measures as being fundamental to our lives and economies. It is why our sustainability strategy remains underpinned by an unwavering commitment to safety. You can find out more about our strategy and its implementation in our latest Sustainability Report, available on our website from January 2022.

SAFETY, HEALTH AND WELLBEING IN FOCUS

Since 2017, we have seen a 50% reduction in global lost time incidents and a 49% reduction in global food safety incidents. These achievements are testament to the ongoing investment we make in rigorous safety protocols and training and awareness programmes that underpin our safety culture. For example, in 2021 our businesses around the world acquired more safety certifications and enhanced their compliance with our Global Allergen Management Plan. More broadly on health and wellbeing, in the last 12 months we have added more employee support measures in recognition of an increase in anxiety and stress caused by the pandemic. Our businesses have launched creative nutrition and healthy lifestyle campaigns, added more plant forward options in menus and promoted healthy choices.

SUSTAINABILITY STRATEGY

Health and Wellbeing
Nutrition, health and happiness at the heart of our value proposition

Environmental Game Changers
Targeted action where we can make an enhanced impact

Better for the World
Driving positive impact far beyond our business

Safety culture
Turning safety from compliance to caring for each other

PLANET PROMISE
OUR COMMITMENT TO A **SUSTAINABLE FUTURE FOR ALL**

Climate net zero[1]
across our business and value chain by 2050

Carbon neutral[2]
in our direct operations by 2030

Initiatives we support

SUSTAINABLE DEVELOPMENT GOALS

WE SUPPORT UN GLOBAL COMPACT

TERRA CARTA
For Nature, People & Planet

wbcsd

"WE RECOGNISE THE IMPORTANCE OF TACKLING CLIMATE CHANGE, AVOIDING FOOD WASTE AND ENSURING OUR FOOD IS SOURCED WITH CARE FOR PEOPLE AND PLANET. IN THE LAST 12 MONTHS, WE HAVE FAST TRACKED OUR STRATEGIC EFFORTS TO ADDRESS THESE PRIORITIES, WITH EVEN MORE CHALLENGING TARGETS AND MULTI STAKEHOLDER PARTNERSHIPS."

ACCELERATING ACTION ON CLIMATE CHANGE, FOOD WASTE AND RESPONSIBLE SOURCING

In October 2021, we announced a transformative goal to reach net zero greenhouse gas (GHG) emissions by 2050 across our global operations and value chain. Our Science Based Targets were independently approved, verifying our plans to reduce emissions in line with the Paris Agreement[3] to limit global warming. Our work to promote more consumption of plants by consumers, both within our menus and through our leading role in the World Business Council for Sustainable Development (WBCSD) food reform and health workstreams, plays a dual role in reducing GHG emissions whilst also supporting human health.

On food waste, another significant challenge of our time, we have further improved data capture through the use of smart technologies such as Waste Not™ 2.0. Compass teams around the world have demonstrated creative ways to reduce food waste along the value chain – from participating in international expert forums to running cooking demonstrations using leftovers, and sharing tips to cut the amount of food thrown away. Furthermore, in a year when many have faced food insecurity, the food redistribution programmes of many of our businesses have delivered millions of meals across their communities.

We are on track to meet our cage free welfare targets for eggs, whilst continuing to benchmark well on wider animal welfare against industry peers. For priority commodities such as palm oil, soy, fish and seafood, we are also on target and we continue to join forces with industry leaders for systemic change in traceable, sustainable sourcing.

LOOKING FORWARD

In the coming year, we will continue to intensify our efforts across these strategic priorities. Collaborating with other organisations to accelerate change is necessary if we are to achieve our vision of a sustainable future for all. It is why, in addition to our ongoing support of the UN Sustainable Development Goals and UN Global Compact, we have signed Terra Carta, a sustainable markets initiative launched by HRH The Prince of Wales, and the WBCSD Vision 2050 Time to Transform initiative, and have contributed to consultations for the UN Food System's Summit, calling for more equitable and sustainable food systems.

1. Net zero refers to a reduction of scope 1, 2 and 3 GHG emissions to zero or to a residual level and then neutralising any residual emissions.
2. Carbon neutral refers to the balancing of GHG emissions by 'offsetting' – or removing from the atmosphere – an equivalent amount of emissions from the amount produced.
3. The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre industrial levels.

SAFETY CULTURE

At Compass, our safety culture reflects a mindset of zero complacency. We take a continuous improvement approach across a combination of frameworks, protocols, training and awareness programmes that make safe practices and behaviours the norm. Our approach is based on prevention, intervention and collaboration. Sharing lessons learned across our businesses has been fundamental to maintaining our solid track record in safety.

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

GLOBAL COVID-19 RESPONSE UPDATE

In 2021, our global Coronavirus Response team continued to closely monitor developments, follow local and global regulatory health authority guidance and share learnings throughout the Group. Weekly advisory updates from the Chief Medical Advisor to Compass Group have been critical in providing highly detailed and evidenced data on the pandemic situation for all regions.

OPTIMISING AND EVOLVING OUR SYSTEMS

Our significant investment in safety management systems across our operations demonstrates our commitment to market leading health and safety expertise, supports our drive for transparency and accountability, and assists us in ensuring supply chain integrity. Our safety performance is continuously monitored, transparently reported and considered at every meeting of the Board and the Corporate Responsibility Committee.

COVID-19 RESPONSE AROUND THE WORLD

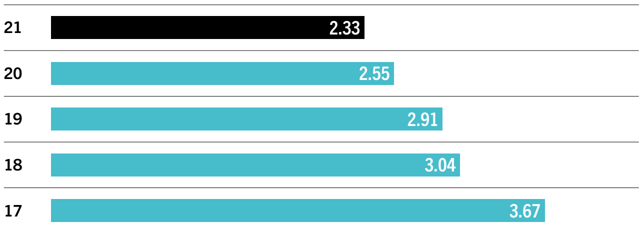
- our business in Finland became the first operator in the restaurant industry to be infection care certified by MyCare
- Eurest in the US joined the WELL Building Institute as a keystone member for workplace safety
- in the United Arab Emirates, the GoAudits app further enhanced visibility around safety audits and inspections
- SafeSphere, continued to be rolled out in our Asia Pacific businesses; a pan Asia portfolio of systems and solutions to navigate safe returns to business operations
- Compass Turkey issued wristbands and necklaces with two metre alarms
- the UK&I's See Care Share Mindfully campaign increased employee reporting of hazards

PERSONAL SAFETY

Our safety culture emphasises the fundamental importance of incident prevention and intervention. Through awareness, information and training, we empower our people to take individual and collective responsibility for their own safety and the safety of those around them. In the last year, our Global Lost Time Incident Frequency Rate fell to 2.33, below the limit of 2.89. We saw a total of 1,779 global lost time incidents, a 50% reduction in incident numbers since 2017.

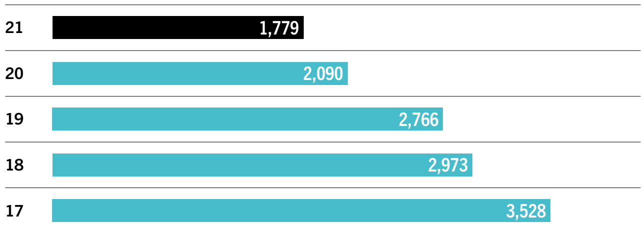
GLOBAL LOST TIME INCIDENT FREQUENCY RATE

-37%
since 2017



GLOBAL LOST TIME INCIDENTS

-50%
since 2017



FOOD SAFETY

Our approach to food safety and our expectations of our sourcing teams, are laid out clearly in our Global Supply Chain Integrity Standards, Global Allergen Management Plan and Operational Safety Standards. These standards are put into practice within our individual markets through a series of procedures, systems and controls that reflect local legislative requirements.

All suppliers undergo a rigorous approval process, with any areas for improvement rapidly remedied to mitigate wider risks. An increasing number of our businesses' sites operate to ISO 22000 food safety management system standards. All employees handling food receive food safety training, including temporary and contract workers. Further training is delivered at a local level on food hygiene and allergens.

We take a robust approach to any food safety incidents, with protocols in place to respond rapidly and to escalate any substantiated incident of foodborne illness within 24 hours, and to report incidents to regulators where required. All learnings are shared internally to continually evaluate and improve our practices. In 2021, we further reduced food safety incidents, meeting our incident rate limit of below 0.24 and delivering a 49% reduction in incident numbers since 2017.

In 2021, we took a significant step in building local compliance against our Global Allergen Management Plan, which sets out how we reduce substantiated allergen related incidents across the businesses and through their supply chains. Each Compass market completed self assessments, which have been validated by our regional food safety leaders. We are currently developing a global training solution for all new starters and those working in food preparation roles which can be accessed from any device.

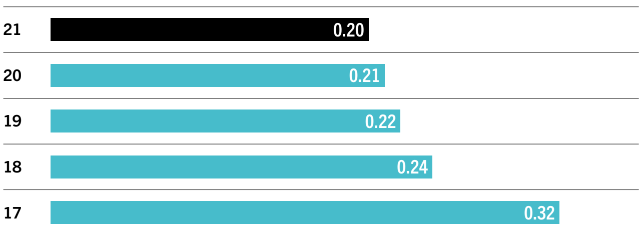
NEVER COMPROMISING ON SAFETY

At Compass, our 'can do' philosophy is never at the cost of compromising safety standards. Our businesses also continued to assess their suppliers against globally recognised best practice benchmarks.

GLOBAL FOOD SAFETY INCIDENT RATE

-38%

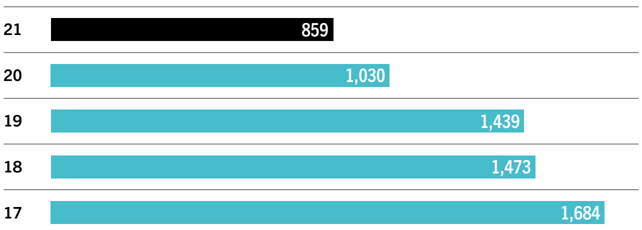
since 2017



GLOBAL FOOD SAFETY INCIDENTS

-49%

since 2017



HEALTH AND WELLBEING

At Compass, we are dedicated to helping people live healthier, happier and more productive lives. We want to make it easier for consumers and our people to make better choices.

NUTRITION AND WELLNESS SERVICES

Alongside adding more healthy menu items and reformulating recipes with less salt, fat and sugar, we are working with clients to help consumers make better informed and healthier choices. We do this through a number of evidenced behavioural mechanisms, including choice design techniques to canteen layouts, menu labelling and communications campaigns. Whilst prioritising this work across our own value chain, we continue to collaborate with industry peers to achieve systemic change.

The Eat.Live.Do.Well virtual wellbeing hub was designed by Compass US dieticians and wellbeing practitioners to create positive change in the food system through impactful food experiences that promote wellbeing for people and the planet. During the year, traffic to the site increased by two thirds as people sought to eat and live well through the ongoing COVID-19 pandemic. The most popular content included recipes, the teaching kitchen and wellness and meal planning pages.

HELPING CUSTOMERS MAKE HEALTHIER CHOICES

Across our markets, we are taking locally appropriate actions:

- a nutrition planning tool, FIT+, was launched by our Canadian business to enable chefs to easily offer balanced and nutritious meals and communicate these options to consumers
- a culinary council was convened by our Asia Pacific region to implement the EAT Forum's planetary health diet programme and related training for chefs in the region
- our Singapore business partnered with Kipos, a local homegrown brand, to show how healthy eating can be fun and delicious
- the Meal Plus programme was launched by our Indian business for those undergoing home quarantine
- Bienfait was launched by Eurest in Luxembourg as an alternative, healthy, and planet friendly catering offer
- in Sweden, more nutritious additions were added to menus via the Green Way concept

Despite lockdown restrictions, our businesses have supported clients to promote the benefits of exercise and eating a balanced diet. They have also helped their employees and people in local communities to maintain their physical health and mental wellbeing during these unprecedented times. Regional highlights include:

- launching the Wellbeing Project website for clients, consumers and employees in Spain
- Restaurant Associates in the UK&I publishing Ways to Be Well newsletters, with wellness tips, recipes, talks and advice

HEALTHY MIND

Our businesses have remained focused on mental health as our people and communities around the world faced the ongoing challenging circumstances of COVID-19.

Local teams found new ways of digitally connecting teammates, such as the Viva Bem platform in Brazil, Care to Connect in the UAE and Share in Portugal. Many locations have established dedicated mental health campaigns with specialist advice and resources, such as Just Now in Canada, and You Matter in the UK.

Across Asia Pacific, mental health sessions were held for regional leaders, led by external psychologists to build resilience and support teams going forward. Our business in Ireland encouraged teams to take a moment of mindfulness, with a special Power of Pause programme.

Additionally, technologies have been rolled out by our UK and Australia businesses to help support their people's mental health including the iLumen™ biometric tracker app, developed by Medibio.

ENVIRONMENTAL GAME CHANGERS

As a leading food service business, we focus on where we can have the biggest positive impact on the global food system and the environment.

Our priorities of taking action on climate change, including tackling food waste and promoting plant forward diets, have only grown in importance to our stakeholders over the last year. We must play our full part in the essential transition to a healthy and sustainable global food system. During the last 12 months, our strategic priorities have focused on formalising our pathway to reduce our greenhouse gas emissions, reducing food waste, and promoting plant forward meals.

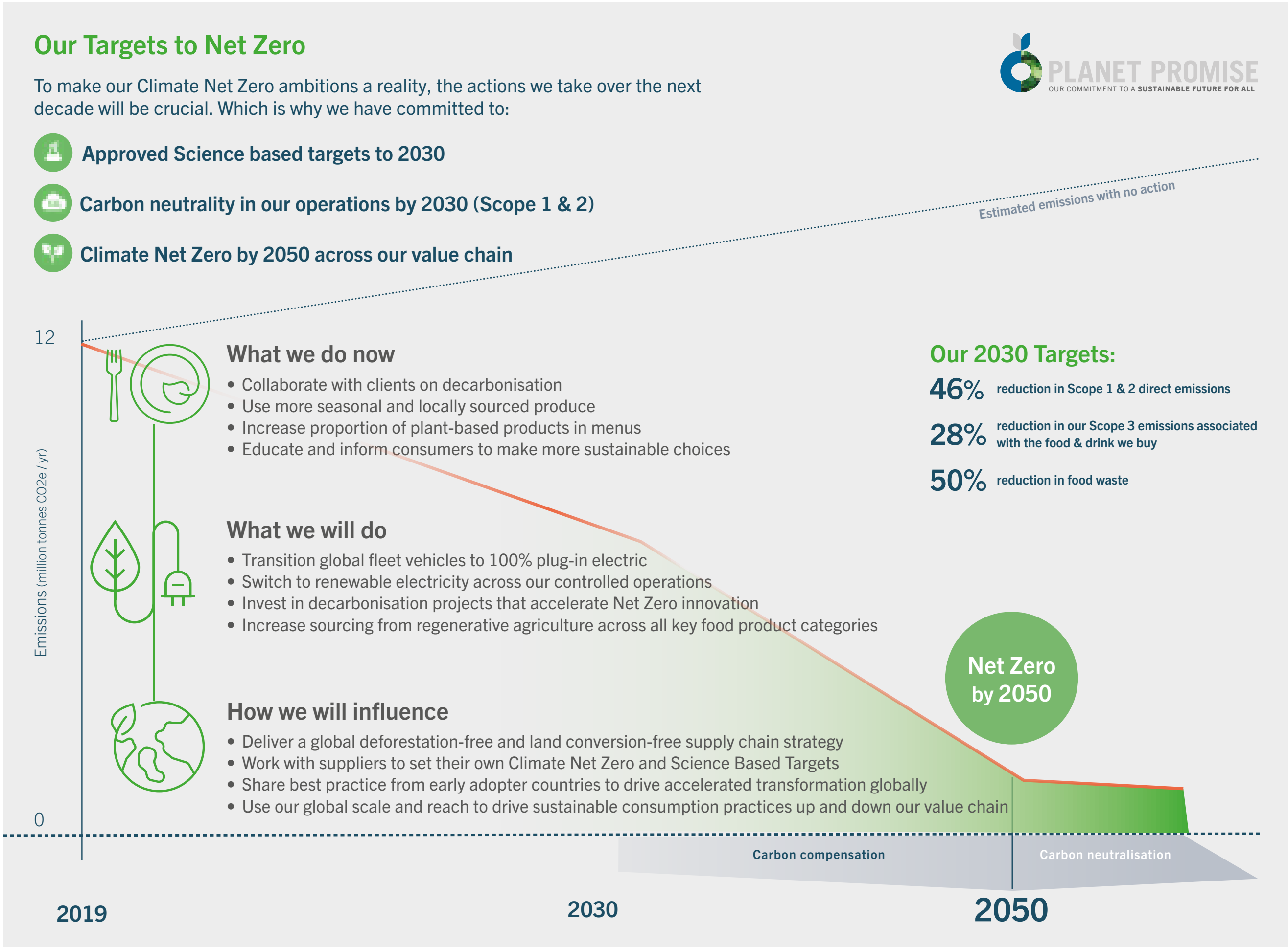
OUR PLANET PROMISE

We have committed to reaching net zero GHG emissions across our global operations and value chain by 2050. The goal includes interim 2030 targets validated by the Science Based Targets initiative[1]:

- 46% reduction in our absolute Scope 1 and 2 direct GHG emissions by 2030, in line with an ambition to limit future warming to 1.5°C above pre industrial levels
- 28% reduction in our absolute Scope 3 GHG emissions from all food and drink purchased by 2030, aligned with a trajectory to limit global warming to Well Below 2°C compared to pre industrial levels

We have also committed to achieving carbon neutrality worldwide in our Group operations by 2030 (Scope 1 and 2) where we will compensate and later neutralise any remaining Scope 1 and 2 direct emissions through high quality carbon removal.

GLOBAL ROADMAP TO NET ZERO



1. All climate targets are based on a 2019 baseline year.

NURTURING OUR ENVIRONMENT

As the world's largest food services group operating at the heart of the global food supply chain, we are in a unique position to influence real change both with the people we serve and the suppliers with whom we work. We calculated our Group total Scope 3 emissions for 2019 as over 12 million tCO_2e. The products that our businesses buy represented over 70% of that figure, making it essential that they work with their supplier base to manage these emissions too.

ACHIEVING OUR GOALS

Our net zero target will be delivered through collaboration, innovation, and investment across our Group businesses. We will continue our programmes to promote plant forward diets, cut waste and innovate around packaging. In addition, we will switch to renewable electricity in our operations and invest in electric fleet vehicles. We will work with our supplier base to move towards more regenerative forms of agriculture and increase the proportion of produce we buy seasonally, and locally. Furthermore, we will drive action towards our commitment to a supply chain that is free from deforestation and land conversion.

We will use our scale and global reach to influence and work collaboratively with clients, industry associates, governments and suppliers to reduce their direct GHG emissions, set their own net zero and science based targets and help create a more sustainable global food system for all.

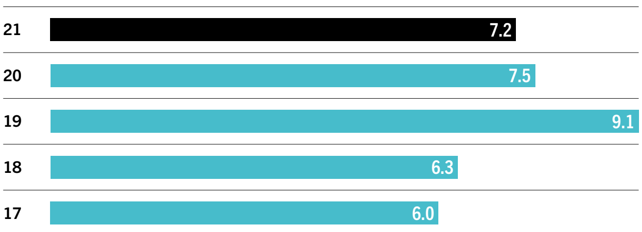
» Read more about our Global Roadmap to Net Zero https://www.compass-group.com/en/sustainability/planet-promise.html

During the last 12 months, our Scope 1 and 2 GHG emissions reduced by 13% in absolute terms, and remained flat when normalised by revenue, reflecting a decrease in activity in our owned and operated sites over the year. We have taken specific actions to reduce our footprint such as:

- utilising energy management systems in several markets to monitor and reduce our environmental impact – and supporting our clients in their reductions
- the UK&I business announced a commitment to reach net zero greenhouse gas emissions by 2030, in line with limiting the global temperature rise to 1.5°C above pre industrial levels
- the US team at Bon Appétit announced a climate policy to reduce emissions by 38% per calorie of food served by 2030
- our Carbon Foodprint tool and Compass USA's online environmental dashboard continued to help our US businesses reduce energy, water and waste in their kitchens, while identifying opportunities for chefs to reformulate their menus to reduce the associated GHG emissions

GREENHOUSE GAS INTENSITY RATIO[1]

7.2



1. The scope and methodology of our GHG emissions reporting changed in 2019, therefore previous years' data is not comparable on a like for like basis.

GLOBAL ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 OCTOBER 2020 TO 30 SEPTEMBER 2021

	For the year ended 30 Sept 2021		For the year ended 30 Sept 2020	
	UK and offshore	Global	UK and offshore	Global
Scope 1 – Emissions from the combustion of fuel or the operation of any facility including fugitive emissions from refrigerants use/tCO_2e	**5,614**	**88,616**	5,912	106,047
Scope 2 – Emissions resulting from the purchase of electricity, heat, steam of cooling (location based)/tCO_2e	**2,096**	**38,298**	3,300	39,703
Scope 2 – Emissions resulting from the purchase of electricity, heat, steam of cooling (market based)/tCO_2e	**3,119**	**40,525**	n/a	n/a
Total gross emissions (location based)/tCO_2e	**7,710**	**126,914**	9,212	145,750
tCO_2e (location based) per million £ turnover	**5.3**	**7.2**	6.1	7.5
Energy consumption used to calculate above emissions/kWh	**32,881,076**	**480,805,034**	41,968,394	556,869,904

METHODOLOGY

Compass Group PLC is required to report its global and UK energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data set out in these tables represent emissions and energy use for which Compass Group PLC is responsible and is incorporated by reference in the Directors' Report on pages 84 to 184. To calculate our Group emissions, we have used the main requirements of the GHG Protocol Corporate Standard along with the UK Government GHG Conversion Factors for Company Reporting 2020.

This year, we have also calculated our Scope 2 emissions using the market based methodology to recognise the purchasing of low carbon energy.

We are monitoring the energy usage and greenhouse gas emissions of our owned and operated sites across 29 countries (2020: 27) which represent 98% of Group underlying revenue[1] (2020: 97%). tCO_2e per million £ turnover is calculated by dividing our total gross emissions (location based) by underlying revenue[1] for the countries monitored.

Energy and GHG emission data represented in the table above has been externally verified by a third party. We will continue to verify this data in the coming years.

ENERGY EFFICIENCY

We are continuously seeking to improve operational efficiency. For example, in the UK, a mandatory environmental toolkit helps employees operate with eco efficiency and comply with regulations across energy, transport, water, materials, pollution and waste. The toolkit is also used to engage clients to do the same, in turn helping them reduce operational costs. The Canteen business in the US is using GPS data to optimise fleet scheduling, optimising transport routes and thereby cutting road miles and fuel consumption.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

PLANT FORWARD MENUS

Consuming a plant forward diet, where plant based products are the principal ingredients, is a key pillar in taking action on climate change. We are working towards this by: expanding access to and availability of healthy and plant based menu items, engaging, educating and exciting consumers to make positive choices; and eliciting behavioural change through choice design techniques and communications campaigns. As we continue to work within our businesses, and through industry forums such as the WBCSD food reform for sustainability and health (FReSH) workstream, each year we increase our plant forward food offerings in response to consumer demand and the evidence linking plant based food systems to climate change mitigation. Our strategy in this area is guided globally, but implemented locally, according to consumer preferences and value chain approaches. In 2021, examples included:

- Our UK&I business worked with a team from the University of Oxford on an ecolabelling pilot project and our Belgian and Swedish businesses worked with third parties to promote eco scores on menus
- Our German businesses launched Powered by Plants, a plant based meals initiative including inspiring recipes and ideas

INCREASING PLANT FORWARD OFFERINGS

- Our Belgian businesses committed to the Flemish Green Deal for Protein adding point of purchase labels that help consumers to make informed but easy choices
- Chartwells introduced meat free college dining options in the US and launched plant forward campus pop up events
- Eurest UK&I won the Food Foundation's innovation prize for its Plantilicious range

FOOD WASTE

We aim to halve food waste across the Group by 2030. We have taken action in our kitchens to measure, monitor and reduce food waste and our teams around the world have also demonstrated creative ways to address waste along the value chain. We have also continued to raise awareness with consumers. Each year, measurement technology is introduced in new units as we continue the global roll out of our strategy. We use different systems in different markets, all of which are driving down food waste and improving our oversight. This year, the US businesses' internal tracking tool, Waste Not, helped them to reduce food waste by 33% in approximately 1,800 sites in the USA. Further highlights from some of our companies around the world in 2021 included:

- promoting Stop Food Waste Day, our annual global awareness raising event. This year the event involved more than 30 countries and generated almost 2.9 million social media impressions
- supporting OzHarvest's USE IT UP campaign to prevent food waste in homes across Australia
- launching the Organic Fertiliser Project alongside a major client in Turkey to turn food waste into nutrient rich compost
- working with the Good Planet Foundation in France on Mission Stop Waste which is designed to help the restaurant industry halve food waste
- in nine countries in Europe the businesses are supporting Too Good To Go – a mobile application that allows their participating sites to offer unsold food to consumers in the local area
- keeping thousands of tonnes of edible food out of landfill by working with a variety of charitable food redistributors around the world

With regard to packaging, we have continued to test and scale innovations that avoid single use plastic and virgin materials, while keeping food safe and with a sustainable shelf life. For example, our Turkish business replaced salad dressing sachets with touch free sensor dispensers, avoiding 140 kg of single use plastic per month. In the US, reusable containers have been trialled for student dining halls in partnership with Northwestern University. And in Ireland, the business is using 100% recyclable or compostable food trays and returnable packaging.

COVID-19 related hygiene measures have limited our ability to reduce the use of plastics in 2021 but we expect a return to our plan of action in 2022.

BETTER FOR THE WORLD

Alongside our clients we leverage our scale to make a positive contribution globally, involving our diverse people, thousands of suppliers, farmers and local communities, and hundreds of partners.

SOURCING RESPONSIBLY

Our priority is to ensure we partner with suppliers that meet our high standards of food safety and quality, ethical trade, sustainability and farm animal welfare. Our Code of Business Conduct outlines what we expect of all of our partners. Our Global Supply Chain Integrity Standards act as a further risk based framework to drive consistency in responsible sourcing. We also apply the Supplier Ethical Data Exchange (SEDEX) tool to assess, track and share information on supply chain social compliance and human rights, and are currently rolling out SEDEX across several of our largest countries. Industry partnerships remain fundamental to delivering on our responsible sourcing priorities and to create wider systemic change in our sector and beyond.

We remain committed to upholding the Ethical Trading Initiative Base Code and to championing UN Global Compact and International Labour Organization principles. We are also taking action on tackling human rights risks and publish an annual Modern Slavery Act statement. We became a member of the Slave-Free Alliance to help drive further action on human rights in our businesses and beyond.

FARM ANIMAL WELFARE

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

As two of our key commodities, we are on track to meet our 2025 target of 100% cage free shell and liquid eggs, with our US business switching to 100% cage free shell and liquid eggs in 2021, and the UK&I reaching 100% free range from 2022. We are working towards higher welfare standards for 100% of the chicken purchased by our businesses in Europe and North America by 2026.

DELIVERING ENHANCED
ANIMAL WELFARE STANDARDS

TOWARDS ZERO NET DEFORESTATION

The Group is focused on achieving zero net deforestation through the increased use of sustainable palm oil, soy, beef, timber and paper materials in the products that our businesses source globally. We supported the WWF's letter calling for EU action against deforestation. We aim to use 100% certified sustainable palm oil in our kitchens by 2022. This achievement is testament to our commitment to industry collaborations such as the Roundtable on Sustainable Palm Oil. All of our in scope approved suppliers must meet a set of criteria for sustainable sourcing of beef and products containing beef. This includes not sourcing beef from endangered forests such as in the Amazon biome, as well as sourcing locally wherever possible.

SUSTAINABLE FISH AND SEAFOOD

During 2021 we became a strategic partner of the Global Sustainable Seafood Initiative (GSSI). We work alongside other food businesses to scale actions in sustainable sourcing. For instance, in October 2021, the Company co-signed an industry letter calling on the relevant Fisheries Commission to take specific and immediate action to ensure that Western Central Pacific Ocean tuna stocks maintain GSSI-recognised, Marine Stewardship Council Certification status.

LOCAL SOURCING

We choose to source ingredients from local suppliers and in doing so enhance livelihoods in our communities. Reducing the complexity in our supply chains helps to make them more resilient – and reduces food miles. As well as being an investment in our neighbourhoods, sourcing locally helps align with our commitment to being better able to demonstrate the traceability of ingredients, and the integrity of the supply chain through which they are delivered, as outlined in our Global Supply Chain Integrity Standards.

In addition to buying locally, our businesses proactively conduct business with small, medium and minority owned enterprises. Through partnerships, our Australian business champions indigenous suppliers. Our US business partners with organisations that promote opportunities for black, indigenous and people of colour farmers. And our Canadian business supports women owned businesses. These initiatives help to ensure that procurement spend is targeted where it can make the greatest difference to communities.

RTRS

BBFAW
Business Benchmark on Farm Animal Welfare

HUMANE SOCIETY INTERNATIONAL

GCAW

Our US business has doubled

its sourcing volume of animal proteins from ranches and farms certified as humane by Humane Farm Animal Care

By 2022

we aim to use 100% certified sustainable palm oil in our kitchens

RESPONSIBILITY

COMPASS IN THE COMMUNITY

In addition to providing employment opportunities to those in the local communities in which we operate, we also support our communities in other ways. Here are some examples of community activities:

- promoting inclusion and the integration of people with disabilities in the workforce in France through its Mission Handicap
- helping job seekers build skills and capacity to become job ready in a supportive, practical environment with BusyBeans in Australia
- funding 250 clean drinking water projects around the world through the Drop4Drop initiative in the UK&I
- donating millions of meals to local communities by offering surplus food to redistribution organisations such as FareShare in the UK&I
- marking National Aborigines and Islanders Day Observance Committee (NAIDOC) Week in Australia through themed events with indigenous suppliers

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

INTRODUCTION

Compass Group recognises that climate change is a principal risk posing potential challenges to our businesses across the globe and throughout our value chain. We advocate for and support the policies that are aligned with the goals of the Paris Agreement to limit the rise in mean global temperature to well below 2°C above pre industrial levels, and preferably limit the increase to 1.5°C, with an aim to curb the impacts of climate change on our operations.

Recognising the potential impacts of climate change on our businesses and stakeholders, we have aligned our climate ambitions with these goals by developing targets to help limit the global temperature rise to 1.5°C, in line with the Science Based Targets initiative (SBTi) criteria. We have committed to reach net zero GHG emissions across our global value chain by 2050. Furthermore, globally we have committed to reach climate neutrality in our direct operations (Scope 1 and 2) by 2030, and we have set a target to reduce our Scope 3 GHG emissions from all food and drink purchased by 28% by 2030 (from a 2019 baseline), in line with the 2015 Paris Agreement to limit global warming.

This year, Compass has started adopting the TCFD recommendations to better assess and report climate related risks and opportunities. We are analysing the climate change risks in detail and have initiated the process of scenario analysis in some of our largest markets.

GOVERNANCE

Our Corporate Responsibility (CR) Committee is responsible for overseeing our policies and strategy supporting sustainability activities, including climate change related issues. The CR Committee meets three times a year and oversees issues and decisions relating to the environment, climate change and supply chain integrity. We believe that Board level responsibility is required for climate related issues in line with our ethos of being a responsible business and driving sustainable growth. The CR Committee comprises all the non-executive directors, together with the Chairman, Group CEO and Group CFO. The CR Committee receives reports from senior management to review progress towards meeting the Company's specific CR KPIs and our ongoing CR commitments, including our emissions reduction targets.

The Group CEO and Group Chief Commercial Officer have the highest management level responsibility for climate related issues and have the responsibility to form, review and communicate the Company's climate related global strategy, policies and standards to the CR Committee. This includes setting and reviewing progress towards our targeted KPIs, assessing the climate related risks identified by the Executive Committee and managing and monitoring the associated opportunities.

As we increase our focus on climate impact, the oversight, remit, and responsibilities of the CR Committee are also likely to increase.

STRATEGY

Climate related risks and opportunities are considered as part of our short, medium and long term plans, such as our growth and procurement strategies within regions. The food and agriculture industry could be impacted by severe changes in climate, and furthermore, the sector contributes to global GHG emissions through its activities from farm to fork. Sourcing specific food products, such as beef or soy from the Amazon biome or palm oil, can lead to deforestation and desertification. As the world responds to global climate change and biodiversity loss, supply chains linked to deforestation may face a range of transition risks as we move to a decarbonised economy.

We are committed to reducing this impact; in particular, we are focused on achieving zero net deforestation through the increased use of sustainable palm oil, soy, beef, timber and paper materials in the products that we source globally.

Our supply chain costs are also affected in the short, medium, and long term by climate related risks and opportunities. We have taken steps to reduce air freighted products in some of our markets and are actively working with our supply chain partners and menu design teams to present lower carbon options for consumers.

Our most significant climate related opportunity is in expanding our products and services offering in line with the growing demand from our clients and customers for healthy, ethically sourced, and low carbon food options (e.g. plant based options and meat alternatives).

We partner with the EAT Forum to explore ways to transform our global food system. Together, we are working to move the world to healthy and sustainable diets; realign food system priorities for people and the planet; produce more of the right food, from less; safeguard land and oceans; and radically reduce food losses and waste.

To further expand and improve the quality of our understanding of the impacts of climate change on our business, we are conducting detailed assessments of our climate risks and opportunities and will be conducting scenario analysis in line with the TCFD recommendations in the coming year.

RISK MANAGEMENT

Climate change was identified as an emerging risk in 2020 and subsequently added as a principal risk by the Board in 2021 to recognise the potential impacts it can have on our businesses in the medium and long term.

The Group runs a formal risk management process to assess and prioritise the Group's principal risks, with the Board having overall responsibility. A critical component of our risk assessment process is the dynamic identification of developing and emerging risks at a country, regional and global level.

The findings of the risk reviews, including the principal risks and any developing trends, are reported to, and considered by, the Board twice a year.

» See our Risk section on page 73 of the Annual Report.

As part of our detailed climate risk assessment process, the Company recognises the impacts of climate change on our business, including the operational impacts of extreme weather events, supply shortages caused by natural resource scarcity, and transition risks such as changes in technologies, markets, and regulation. For example, an increase in the frequency of severe weather events could lead to reduced yields and crop failures. We are continually evaluating macroeconomic trends and insights from employees, clients, consumers, and industry experts to develop and adapt our sustainability strategy which takes into consideration the forces that are impacting the global food system, our industry, and our operations.

Metrics and Targets

In line with our commitment to the Paris Agreement, and our sustainability strategy which includes climate action, we have established climate related targets. We have committed to reducing our global Scope 1 and 2 direct emissions by 46% and reducing Scope 3 emissions from purchased food and drink by 28% by 2030 – in line with the Paris Agreement. We recognise that Scope 3 emissions represent the majority of the Group's emissions, and these include the use of carbon intensive products such as beef, poultry, pork, lamb and dairy in our value chain. The roadmap to achieve our targets includes targeted actions including conversion to renewable electricity and electric vehicles, increasing plant forward meals, working with our suppliers on more sustainable sourcing methods, and targeted investments both in our business and the supply chain.

» Read more about our net zero journey on page 45.

We are also working on our goal to use 100% certified sustainable palm oil by 2022.

NEXT STEPS

Compass has started implementing the recommendations of the Taskforce on Climate related Financial Disclosures which apply to Compass from 1 October 2022 and we will be conducting climate scenario analysis in the coming year. The results of this assessment will be reported in our 2022 Annual Report.

ACTION IN THE UK & IRELAND

Compass UK&I is aiming to achieve net zero by 2030, including a reduction in carbon emissions of at least 55% by 2025 and at least 65% across its direct operations and the value chain by 2030 from a 2019 baseline.

Shifting menus toward lower carbon options is a significant opportunity for our businesses. Over the next decade, our UK&I business will focus on increasing its use of plant based proteins and sourcing its top five food categories (dairy and cheese, fruit and vegetables, pork, beef and chicken) from regenerative agriculture.

They are introducing hybrid and electric vehicles, and in 2021 will set the objective for all fleet cars to be 100% plug in electric by 2024. They are also working with their suppliers to introduce more clean technology products into their operations. This includes favouring energy efficient products with energy labels over lower performing products.

Compass UK&I's journey to climate net zero will also include targeted investments to support the development of carbon reduction and sustainable food production innovation.

NON-FINANCIAL INFORMATION STATEMENT

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

Reporting requirement	Some of our relevant policies[1]	Where to read more in this Report about our impact, including the principal risks relating to these matters	Page
ENVIRONMENTAL MATTERS	• Sustainability Strategy • Environmental Policy Statement	Corporate Responsibility Report	**40-53**
		GHG Emissions	**47**
		TCFD reporting	**52-53**
EMPLOYEES	• Code of Business Conduct • Code of Ethics • Workplace Health and Safety Policy Statement	Chief Executive's review – People	**10**
		People Report	**32-39**
		Principal Risks – Health and Safety, People	**73-81**
		Safety culture	**42-44**
HUMAN RIGHTS	• Code of Business Conduct • Code of Ethics • Modern Slavery Act Transparency Statement • Human Rights Policy Statement	Whistleblowing, anti-bribery and fraud	**131**
		Human Rights and Modern Slavery	**143**
		Employee diversity	**32-39**
SOCIAL MATTERS	• Social Purpose	Chief Executive's review – Purpose	**10**
		Who we create value for	**5 and 28 to 31**
		Corporate Responsibility Report	**40-53**
ANTI-BRIBERY AND CORRUPTION	• Code of Business Conduct • Code of Ethics • Group Speak Up Policy • Sourcing Responsibly	Our values guide our actions and behaviours	**13**
		Principal Risks – Compliance and Fraud	**80**
		Whistleblowing, anti-bribery and fraud	**131**
		Global Supply Chain Integrity standards	**49**
BUSINESS MODEL		Our Business Model	**24**
NON-FINANCIAL KPIs		Global Lost Time Incident Frequency Rate	**27 and 42**
		Global Food Safety Incident Rate	**27 and 43**
		Greenhouse gas intensity ratio	**27 and 47**
		Women in global leadership team	**35**
PRINCIPAL RISKS		Identifying and Managing Risk	**73-81**

1. The Company's policies, statements and codes are available on the Company's website www.compass-group.com.

DELIVERING THE GROUP'S STRATEGY

The Executive Committee is the key management committee for the Group. The Executive Committee develops the Group's strategy, and reviews capital expenditure and investment budgets.

It is responsible for implementing Group policy; monitoring health and safety; financial, operational and quality of service performance; purchasing and supply chain issues; succession planning and governance matters.

DOMINIC BLAKEMORE
Group Chief Executive Officer (CEO)

Joined the Board and Executive Committee in February 2012. Dominic previously held the roles of Group Finance Director, Group Chief Operating Officer, Europe and Deputy Group CEO. He 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. Dominic is a chartered accountant.

Previous experience

Dominic was formerly a non-executive director of Shire plc and CFO of Iglo Foods Group Limited. Before joining Iglo, Dominic was European Finance & Strategy Director at Cadbury Plc having previously held senior finance roles at that company. Prior to that, Dominic was a director at PricewaterhouseCoopers LLP.

PALMER BROWN
Group Chief Financial Officer (CFO)

Appointed to the Executive Committee in December 2020, having joined the Group in 2001. He joined the Board in October 2021 and was appointed Group CFO on 1 November 2021.

Key skills and competencies

Palmer joined Compass in 2001 and during his tenure has held a variety of senior finance, strategy and legal positions and has played a central role as a member of the executive team in North America. He has also coordinated many of the acquisitions and disposals for the Group. Palmer has a degree in business and law and is a certified public accountant.

Previous experience

Palmer was previously Group Commercial Director and before that Chief Strategy Officer, Compass Group North America. Prior to that, he served as General Counsel and Executive Vice President of Corporate & Legal Affairs for our US business.

GARY GREEN
Group Chief Operating Officer, North America

Joined the Board and Executive Committee in January 2007. Appointed Group Chief Operating Officer, North America in April 2012.

Key skills and competencies

Gary brings strong business and operational leadership as well as business development and wide ranging sales experience. Gary is a chartered accountant and in 2001 received an honorary doctorate from Johnson & Wales University in the USA.

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 USA in 1994 as CFO of the Group's North American business and in 1999 became its CEO.

EXECUTIVE COMMITTEE CONTINUED

DEBORAH LEE
Group Chief People Officer

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

Key skills and competencies

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

Previous experience

Deborah started her career at BT as a graduate in 1997 where she spent almost 20 years in various senior leadership roles across HR and learning and development. In 2016, she joined a luxury Italian online fashion retailer as Chief People Officer before joining Compass Group in 2019 as Group Engagement Director. Deborah possesses a wealth of global experience having studied and worked in the USA, Europe and the UK.

MARK VAN DYCK
Regional Managing Director,
Asia Pacific

Appointed to the Executive Committee in April 2016, having joined the Group in February 2013.

Key skills and competencies

Mark is highly experienced in international business leadership. He holds a Bachelor of Arts (Hons) in Business Administration and is a graduate of the Australian Institute of Company Directors.

Previous experience

Mark held senior leadership roles for over 22 years in companies including LG Electronics, The Coca-Cola Company, Waterford Wedgwood, Cinzano, Allied Lyons and Gillette. The majority of his career has been spent in the service and consumer sectors with particular focus on the Asia Pacific region.

ALISON YAPP
Group General Counsel and
Company Secretary

Joined the Group in August 2018. Appointed Group General Counsel and Company Secretary and joined the Executive Committee in October 2018.

Key skills and competencies

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

Previous experience

Alison was formerly 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 Advisor of Charter plc. Prior to joining Charter, Alison held a number of senior legal roles at Johnson Matthey plc.

ROBIN MILLS
Regional Managing Director,
UK & Ireland

Appointed to the Executive Committee in November 2015, having joined the Group in 2008. Appointed Managing Director, UK & Ireland 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 joined Compass as HR Director for UK & Ireland before becoming Managing Director of Chartwells, our Education business in the UK, and then 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).

JAMES MEANEY
Regional Managing Director,
Latin America

Joined the Group and Executive Committee in November 2017.

Key skills and competencies

Highly experienced in business development and leadership, James holds a Bachelor's Degree in Economics from Notre Dame University, an MBA from Harvard and completed INSEAD's advanced management course.

Previous experience

James spent over 20 years in Brazil and led a number of communications and service based organisations in the region, including as Founder and President of Contax SA, Chief Operating Officer at Oi SA and CEO at Aceco TI.

SHELLEY ROBERTS
Prospective Group Chief
Commercial Officer

Will be appointed to the Executive Committee as Group Chief Commercial Officer in January 2022. Joined the Group in February 2017 as Managing Director, Compass Group Australia.

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), Graduate of the Australian Institute of Company Directors and holds a Bachelor of Business Science and Finance (Hons) from the University of Cape Town. Shelley is a non-executive director of Webjet Limited.

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 attained her Chartered Accountant qualification at KPMG in London, subsequently joining easyJet Plc where she held various senior finance and strategy roles in the UK.

Petros Parras is the Interim Regional Managing Director for Europe and Middle East but is not a member of the Executive Committee, see page 61.

NORTH AMERICA

UNDERLYING REVENUE[1] APM

£11,170m

2020: £12,746m

ORGANIC REVENUE CHANGE[1] KPI

(6.7)%

2020: (18.5)%

UNDERLYING OPERATING PROFIT[1] APM

£608m

2020: £606m

UNDERLYING OPERATING MARGIN[1] KPI

5.4%

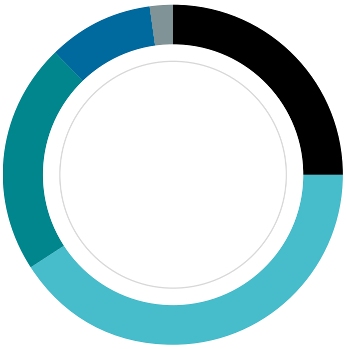
2020: 4.8%

CONTRIBUTION TO GROUP UNDERLYING REVENUE[1] APM

61.6%

2020: 63.1%

UNDERLYING REVENUE BY SECTOR



BUSINESS & INDUSTRY	25%
HEALTHCARE & SENIOR LIVING	41%
EDUCATION	22%
SPORTS & LEISURE	10%
DEFENCE, OFFSHORE & REMOTE	2%

FINANCIAL SUMMARY

	Underlying[1]		Change[1]		
	2021	2020	Reported rates	Constant currency	Organic
Revenue	**£11,170m**	£12,746m	(12.4)%	(6.9)%	(6.7)%
Regional operating profit	**£608m**	£606m	0.3%	6.1%	6.5%
Regional operating margin	**5.4%**	4.8%	60bps		

Key

APM Alternative Performance Measure (APM) (see pages 268 to 274) KPI APM which is also a Key Performance Indicator (see pages 26 and 27)

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

UNDERLYING

Full year organic revenue declined by 6.7% and we saw revenues at c.76% of 2019 revenue, with the fourth quarter exit rate at around 90%. Reported new business at 7.5%, with double digit new business growth in Healthcare & Senior Living and Sports & Leisure and continued high retention rates at 96.4%, saw net new business of 3.9% with the second half of the year at 7.3%. Of the top 10 new business wins by value, eight were from first time outsourcing.

Our Sports & Leisure business performed well in the second half of the year benefiting from improved attendance, particularly of outdoor sports events, with strong per capita spend. Our Education sector has seen strong reopening numbers following the summer break and high on campus spend. Our Business & Industry sector, being weighted towards business, continued to be significantly impacted by the pandemic with a slow recovery and gradual return to offices. Our Healthcare & Senior Living business has been resilient throughout the pandemic, particularly in support services, and continued to trade above 100% of 2019 revenues. Our remaining laundries business was disposed of during the year.

Underlying operating profit was £608 million, which represents 6.1% year on year growth on a constant currency basis. The actions taken to rebuild the margin and our continued focus on efficiency and cost control, have allowed the underlying operating margin to improve by 60bps from 2020 to 5.4%, with an underlying operating margin of 6.2% in Q4 2021, an improvement of 330bps over the fourth quarter of 2020.

STATUTORY

Statutory revenue decreased by 12.4% to £11,149 million as the pandemic continued to negatively impact the business.

Statutory operating profit was £560 million, a £72 million increase, due to the improved margin and the £48 million of non-underlying resizing costs recognised in the prior year.

GARY GREEN
Group Chief Operating Officer, North America

Whilst the pandemic continued to disrupt our operations, we worked around the clock to position our business for continued success. The last 12 months have been thoroughly remarkable in terms of the speed of operational changes, efficiency measures and digital acceleration. Through the pandemic we have benefited from the strong foundations we have built over the past two decades and we have been united in our determination to build back an even stronger business and return to some normality as quickly as possible.

The outsourcing trends have never been stronger, and our laser focus on growth means that we are capitalising on these opportunities through another record breaking year of new business wins and market share gains. We are particularly proud of our strong retention rates. These are testament to our great client relationships which undoubtedly benefited from our ability to provide essential services throughout the most disruptive time in our history.

As an industry leader, armed with the best people in the industry, we are very well positioned to continue creating the most compelling and relevant offer for our clients. But we never take anything for granted and it would only be prudent to anticipate some challenges ahead. However, as the vaccination rollout continues, we are excited to see sites reopening and we are starting to feel more optimistic about the future.

None of us could have anticipated the unprecedented changes we would face in our world. We have always been a company inspired by a sense of purpose, and now more than ever, that purpose is clear to me: helping our customers and our colleagues get back to work in the communities we serve. We are looking forward to the next chapter with confidence.

EUROPE

UNDERLYING REVENUE[1] APM

£4,641m

2020: £5,048m

ORGANIC REVENUE CHANGE[1] KPI

(9.6)%

2020: (24.0)%

UNDERLYING OPERATING PROFIT[1] APM

£147m

2020: £(29)m

UNDERLYING OPERATING MARGIN[1] KPI

3.2%

2020: (0.6)%

CONTRIBUTION TO GROUP UNDERLYING REVENUE[1] APM

25.6%

2020: 25.0%

UNDERLYING REVENUE BY SECTOR

Sector	%
BUSINESS & INDUSTRY	45%
HEALTHCARE & SENIOR LIVING	20%
EDUCATION	15%
SPORTS & LEISURE	7%
DEFENCE, OFFSHORE & REMOTE	13%

FINANCIAL SUMMARY

	Underlying[1]		Change[1]		
	2021	2020	Reported rates	Constant currency	Organic
Revenue	**£4,641m**	£5,048m	(8.1)%	(6.3)%	(9.6)%
Regional operating profit/(loss)	**£147m**	£(29)m	606.9%	520.0%	1,570.0%
Regional operating margin	**3.2%**	(0.6)%	380bps		

Key

APM Alternative Performance Measure (APM) (see pages 268 to 274) KPI APM which is also a Key Performance Indicator (see pages 26 and 27)

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

UNDERLYING

Organic revenue declined 9.6% with net new business broadly flat albeit with the retention rate improving year on year. Encouragingly, net new business in the second half of the year was positive at 3.5% driven by improving trends in the UK, Turkey and Iberia. Overall revenue was c.75% of 2019 levels reflecting the adverse impact of national and local lockdowns on our Business & Industry, Education and Sports & Leisure sectors. The more resilient sectors of Healthcare & Senior Living and Defence, Offshore & Remote were broadly in line with 2019 levels.

Governments across Europe continued to provide ongoing support to protect jobs during the pandemic and, where appropriate, we utilised these schemes. We ceased participation in the UK Government's Coronavirus Job Retention Scheme and have repaid the funds our employees benefited from in the year.

There remains uncertainty in the current trading environment, especially as to the pace of office reopenings in our major markets. We have continued with our resizing actions to adjust our cost base and have incurred a £149 million non-underlying charge in the year. No further resizing charges are expected, although the cash cost will continue into 2022.

The region returned to profitability with underlying operating profit at £147 million and the underlying operating margin improving by 380bps to 3.2%. The actions taken, including resizing, continued contract renegotiations and the focus on cost control as client sites reopened, resulted in an underlying operating margin of 5.7% in Q4 2021, an improvement of 980bps over the fourth quarter of 2020.

STATUTORY

Statutory revenue was £4,434 million, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

The statutory operating loss of £62 million represents a £103 million improvement on 2020 driven by improved trading performance, partially offset by higher non-underlying charges in relation to acquisition and resizing activity.

ROBIN MILLS
Regional Managing Director,
UK & Ireland

PETROS PARRAS
Interim Regional
Managing Director,
Europe & Middle East

Robin Mills (UK & Ireland):

Despite the disruption caused by the COVID-19 pandemic, Compass Group UK&I pushed ahead with its agenda to reduce its environmental impact. In May, the UK&I business committed to net zero emissions by 2030 and launched a roadmap with clear objectives and targets.

Our colleagues are playing an integral role in helping us achieve net zero across the organisation. We empower them to develop innovative solutions, helping us to transform and future proof our operations. We will also support our colleagues to become advocates for a decarbonised food system in their personal and professional networks.

Beyond our commitments to net zero, we are prioritising diversity and inclusion and digitalisation, all of which align with our clients' needs. Additionally, with our people focused agenda we have put social mobility at the heart of our operations, recently launching Career Pathways, an initiative which supports our colleagues with learning and development, providing clear career progression paths, regardless of their level within the organisation. We have a market leading proposition and the ability to affect real change through the work that we do.

Petros Parras (Europe and Middle East):

Operating during the pandemic presented our teams with many short term challenges, but also valuable new opportunities we can embrace for the long term. I've been delighted by the willingness and openness of our people to tackle these difficulties and convert them into positive lasting changes for our business.

One of these benefits is our more flexible approach to MAP 4 (labour), which has been invaluable to maintaining our on site operations whilst also being more suited to our people's individual circumstances.

Equally, the acceleration in our digital capability enabled us to quickly react to the pandemic restrictions by providing contact free solutions and meal kits. Protecting the client offer has been our key focus and improved retention and encouraging new business wins demonstrates the ability of our teams and the strength of our offer. Looking ahead, innovation and agility will continue to be crucial to our success as we emerge from the pandemic and clients seek new and alternative solutions to serving consumers.

REST OF THE WORLD

UNDERLYING REVENUE[1] APM

£2,325m

2020: £2,404m

ORGANIC REVENUE CHANGE[1] KPI

3.0%

2020: (7.9)%

UNDERLYING OPERATING PROFIT[1] APM

£130m

2020: £94m

UNDERLYING OPERATING MARGIN[1] KPI

5.6%

2020: 3.9%

CONTRIBUTION TO GROUP UNDERLYING REVENUE[1] APM

12.8%

2020: 11.9%

UNDERLYING REVENUE BY SECTOR

BUSINESS & INDUSTRY	32%
HEALTHCARE & SENIOR LIVING	17%
EDUCATION	6%
SPORTS & LEISURE	2%
DEFENCE, OFFSHORE & REMOTE	43%

FINANCIAL SUMMARY

	Underlying[1]		Change[1]		
	2021	2020	Reported rates	Constant currency	Organic
Revenue	**£2,325m**	£2,404m	(3.3)%	1.9%	3.0%
Regional operating profit	**£130m**	£94m	38.3%	41.3%	44.4%
Regional operating margin	**5.6%**	3.9%	170bps		

Key

APM Alternative Performance Measure (APM) (see pages 268 to 274) KPI APM which is also a Key Performance Indicator (see pages 26 and 27)

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

UNDERLYING

The 3.0% organic revenue increase in our Rest of World region reflects double digit growth in LATAM and New Zealand and in our Defence, Offshore & Remote sector in Australia, partially offset by Japan where around 50% of revenues are from the Business & Industry sector. New business growth was 9.3% and retention was 94.3%, an improvement of 90bps from the prior year. Net new business improved during the year with the second half of the year at 6.1%. Revenues were around 86% of 2019 levels, with Q4 revenues at around 90%.

The region continues to be relatively protected from the impact of COVID-19 with around 60% of revenues from the more resilient sectors of Healthcare & Senior Living and Defence, Offshore & Remote. Slower vaccination roll out in LATAM has impacted the Business & Industry recovery along with localised lockdowns across the wider region.

Underlying operating profit was £130 million, an increase of 41.3% on a constant currency basis, resulting in an underlying operating margin of 5.6%, a 170bps year on year improvement. The focus on actions to control costs and improve efficiency, as well as a return to seasonal trading norms, has resulted in an underlying operating margin of 7.3% in Q4 2021, an improvement of 450bps over the fourth quarter of 2020.

STATUTORY

Statutory revenue declined by £79 million to £2,325 million. There is no difference between statutory and underlying revenue.

Statutory operating profit was £120 million, an increase of £54 million reflecting improved trading performance and lower non-underlying resizing costs.

MARK VAN DYCK
Regional Managing Director,
Asia Pacific

JAMES MEANEY
Regional Managing Director,
Latin America

Mark Van Dyck (Asia Pacific):

We operate in 11 highly diverse countries across Asia Pacific. Australia, Japan and New Zealand account for 80% of our total regional revenue. We have a strong, established presence and are developing market opportunities now and going forward.

By the end of the financial year, we were operating close to 85% of pre-COVID volumes. We are extremely proud of our performance, which has been driven by our ability to adapt and build a resilient business. We have worked on our operating model through labour flexibility which supports changes in volume and supply chain evolution, given the new context. Our performance was also helped by the business mix we have built and especially a higher concentration in the Offshore & Remote and Healthcare sectors, which were both less impacted by the pandemic and traded consistently above 2019 throughout the year.

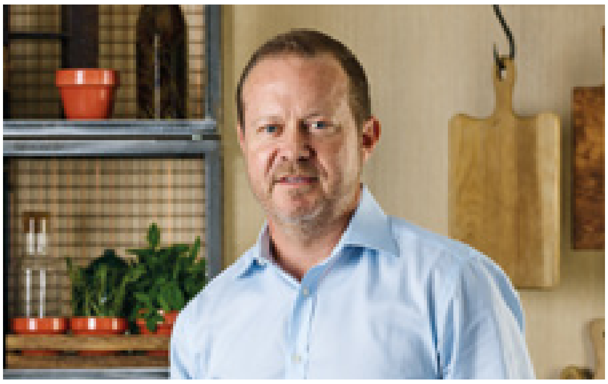
Looking beyond the pandemic, the market potential remains vast with a large and growing market, where we are increasing our share, as well as first time outsourcing. We expect demand for quality outsourced food services to increase. With our scale, flexible operating model, enhanced digital capability and our team expertise, we are excellently positioned to capitalise on these opportunities.

James Meaney (Latin America):

COVID-19 significantly impacted our larger Latin American countries such as Brazil, Argentina and Colombia. As a result, our primary focus at the beginning of the year continued to be on controlling costs and cash. With these initiatives and our sector mix being more biased towards Industry, Offshore & Remote and Healthcare, performance was more resilient.

In recent months, food cost inflation has intensified in most of the key markets. Whilst it’s always challenging, we are used to dealing with inflation and have the structure and procedures in place to either mitigate where possible or adjust pricing accordingly, in agreement with our clients. Despite COVID-19, the long term potential of the region remains intact, and our evolving, more digital, more flexible business model is even more relevant to clients and consumers today.

MAXIMISING OPPORTUNITIES



"

COMPASS HAS DELIVERED IMPROVED MARGIN AND STRONG CASH FLOW DESPITE THE IMPACT OF COVID-19 ON OUR REVENUES."

PALMER BROWN
Group Chief Financial Officer

GROUP PERFORMANCE

Underlying results[1]

- organic revenue down 6.3% as the pandemic continued to impact our performance
- underlying operating margin of 4.5% compared with 2.9% in the previous year despite subdued volume recovery
- return on capital employed of 7.7%, up from 4.7% in 2020
- basic underlying earnings per share increased by 72.5% to 29.5p on a constant currency basis
- strong underlying free cash flow of £660 million driven by higher operating profit and working capital inflow

Statutory results

- revenue down 10.2% due to the continuing impact of COVID-19 on our performance
- operating profit of £545 million, an increase of 85.4%, reflecting actions taken to control the controllable, including resizing the cost base and improved cost control
- basic earnings per share of 20.0p, an increase of 150%

	2021 £m	2020 £m	Change
REVENUE			
Underlying – reported rates[1] APM	**18,136**	20,198	(10.2)%
Underlying – constant currency[1] APM	**18,136**	19,234	(5.7)%
Organic KPI	**18,045**	19,259	(6.3)%
Statutory	**17,908**	19,940	(10.2)%
OPERATING PROFIT			
Underlying – reported rates[1] APM	**811**	561	44.6%
Underlying – constant currency[1] APM	**811**	522	55.4%
Statutory	**545**	294	85.4%
OPERATING MARGIN			
Underlying – reported rates[1] KPI	**4.5%**	2.9%	
RETURN ON CAPITAL EMPLOYED			
Underlying – reported rates[1] KPI	**7.7%**	4.7%	
BASIC EARNINGS PER SHARE			
Underlying – reported rates[1] KPI	**29.5p**	18.6p	58.6%
Underlying – constant currency[1] APM	**29.5p**	17.1p	72.5%
Statutory	**20.0p**	8.0p	150.0%
FREE CASH FLOW			
Underlying – reported rates[1] KPI	**660**	213	209.9%
Reported[1] APM	**464**	105	341.9%
Full year dividend per ordinary share	**14.0p**	–	

Key
APM Alternative Performance Measure (APM) (see pages 268 to 274) KPI APM which is also a Key Performance Indicator (see pages 26 and 27)

1. We track our performance against underlying and other Alternative Performance Measures (APMs) which are not defined by generally accepted accounting principles (GAAP). Accordingly, the relevant statutory measures are also presented where appropriate. The Group's management believes that these APMs reflect our strategic priorities of growth, efficiency and shareholder returns. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy (see pages 26 and 27). The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

SEGMENTAL PERFORMANCE

	APM Underlying revenue[1]		Change[1]		
	2021 £m	2020 £m	APM Reported rates	APM Constant currency	KPI Organic
North America	**11,170**	12,746	(12.4)%	(6.9)%	(6.7)%
Europe	**4,641**	5,048	(8.1)%	(6.3)%	(9.6)%
Rest of World	**2,325**	2,404	(3.3)%	1.9%	3.0%
Total	**18,136**	20,198	(10.2)%	(5.7)%	(6.3)%

	APM Underlying operating profit[1]		KPI Underlying operating margin[1]	
	2021 £m	2020 £m	**2021 £m**	2020 £m
North America	**608**	606	**5.4%**	4.8%
Europe	**147**	(29)	**3.2%**	(0.6)%
Rest of World	**130**	94	**5.6%**	3.9%
Unallocated overheads	**(73)**	(85)		
Regional	**812**	586	**4.5%**	2.9%
Associates	**(1)**	(25)		
Total	**811**	561		

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

STATUTORY AND UNDERLYING RESULTS

	2021			2020		
	Statutory £m	**Adjustments £m**	**APM Underlying[1] £m**	Statutory £m	Adjustments £m	APM Underlying[1] £m
Revenue	**17,908**	**228**	**18,136**	19,940	258	20,198
Operating profit	**545**	**266**	**811**	294	267	561
Net gain on sale and closure of businesses	**10**	**(10)**	–	59	(59)	–
Net finance costs	**(91)**	**(22)**	**(113)**	(143)	9	(134)
Profit before tax	**464**	**234**	**698**	210	217	427
Tax expense	**(107)**	**(64)**	**(171)**	(75)	(41)	(116)
Profit for the year	**357**	**170**	**527**	135	176	311
Less: Non-controlling interests	–	–	–	(2)	–	(2)
Attributable profit	**357**	**170**	**527**	133	176	309
Average number of shares (millions)	**1,784**	–	**1,784**	1,658	–	1,658
Basic earnings per share (pence) KPI	**20.0p**	**9.5p**	**29.5p**	8.0p	10.6p	18.6p
EBITDA			**1,554**			1,418

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

STATUTORY RESULTS

Revenue

Revenue was £17,908 million (2020: £19,940 million), a decrease of 10.2%, due to the continuing impact of COVID-19 on our operations.

Operating profit

Operating profit was £545 million (2020: £294 million), an increase of 85.4%, reflecting actions taken to control the controllable, including resizing the cost base and improved cost control.

Statutory operating profit includes non-underlying items of £266 million (2020: £267 million), including COVID-19 resizing costs of £157 million (2020: £122 million) and acquisition related costs of £106 million (2020: £70 million). The prior year also included a £75 million charge in relation to the cost action programme announced in November 2019. A full list of non-underlying items is included in note 32.

Net gain on sale and closure of businesses

The Group continues to simplify its portfolio and, during the year, sold the remaining US laundries business, with a net gain of £10 million on the sale and closure of businesses. In the prior year, there was a net gain of £115 million on the sale and closure of businesses, partly offset by £56 million of exit costs and asset write downs related to committed or completed business exits.

Net finance costs

Net finance costs decreased to £91 million (2020: £143 million) mainly due to a reduction in net debt following the placing of shares in May 2020, lower interest rates compared with the prior year, gains on unhedged derivatives and hedge ineffectiveness.

Tax expense

Profit before tax was £464 million (2020: £210 million), giving rise to an income tax expense of £107 million (2020: £75 million), equivalent to an effective tax rate of 23.1% (2020: 35.7%). The rate was higher in 2020 given the tax expense that arose on the sale of 50% of the Japanese Highways business.

Earnings per share

On a statutory basis, basic earnings per share was 20.0 pence (2020: 8.0 pence), an increase of 150%, reflecting the higher profit for the year, partly offset by an increase in the number of ordinary shares in issue following the placing of shares in May 2020.

UNDERLYING RESULTS

Revenue

In 2021, our underlying revenue was £18,136 million, an organic decline of 6.3% as the pandemic continued to impact our volumes, with lockdowns and restrictions being imposed and relaxed across our markets.

New business was 7.2% with retention improving to 95.4% and, encouragingly, net new business in the second half of the year was 6.2%, higher than the historical trend of around 3% and, although benefiting from a lower denominator, indicates positive momentum into 2022.

We further progressed on rebuilding revenue in the second half, with the fourth quarter at 88% of our 2019 revenues reflecting significant improvements in Sports & Leisure and a strong return to Education after the summer break. Defence, Offshore & Remote and Healthcare & Senior Living continued to operate at over 100% of 2019 revenues, however, in Business & Industry, the pace of recovery remained subdued.

Operating profit

Throughout 2021, we continued to control the controllable, including resizing the cost base and increasing labour flexibility. These actions, along with continued contract renegotiations, a focus on procurement and purchasing compliance, as well as general cost control, allowed our margin to rebuild quarter on quarter despite subdued volume recovery. Our underlying operating margin improved to 4.5% compared with 2.9% in the previous year.

Our underlying operating profit was £811 million (2020: £561 million), an increase of 44.6%.

If we restate 2020's underlying operating profit at the 2021 average exchange rates, it would decrease by £39 million to £522 million and, therefore, on a constant currency basis, underlying operating profit has increased by £289 million or 55.4%.

Net finance costs

Underlying net finance costs decreased to £113 million (2020: £134 million) mainly due to a reduction in net debt following the placing of shares in May 2020 and lower interest rates compared with the prior year.

Tax expense

On an underlying basis, the tax charge was £171 million (2020: £116 million), equivalent to an effective tax rate of 24.5% (2020: 27.2%) and, based on current tax rates, we expect the effective tax rate to be around the same level next year. The decrease in rate from last year primarily reflects the remeasurement of deferred tax balances as a result of the increase in the UK corporation tax rate from 19% to 25% enacted in the Finance Act 2021 for profits arising after 1 April 2023.

The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally. As we look ahead beyond next year, we expect some upward pressure on the effective tax rate due to the impact of the UK corporation tax rate increase and the potential for tax regime changes in the US.

Earnings per share

On a constant currency basis, underlying basic earnings per share increased by 72.5% to 29.5 pence (2020: 17.1 pence) mainly as a result of the higher profit for the year, partly offset by an increase in the number of ordinary shares in issue following the placing of shares in May 2020.

CASH FLOW

	2021 £m	2020 £m
Free cash flow[1] APM	**464**	105
Add back: Lease repayments	**153**	152
New lease liabilities and amendments	**(103)**	(174)
Net purchase of businesses[2]	**(173)**	(450)
Share placing	–	1,972
Dividends paid	–	(427)
Purchase of own shares	**(3)**	(1)
Currency translation gains	**83**	40
Other non-cash movements	**45**	45
Decrease in net debt	**466**	1,262
Opening net debt	**(3,006)**	(4,267)
Cash reclassified from/(to) held for sale	**2**	(1)
Net debt[1] APM	**(2,538)**	(3,006)
Free cash flow[1] APM	**464**	105
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	**186**	108
Add back: Acquisition transaction costs[3]	**10**	–
Underlying free cash flow[1] KPI	**660**	213

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.
2. 2021 excludes acquisition transaction costs of £10 million which are included in free cash flow.
3. Acquisition transaction costs of £16 million were excluded from free cash flow in 2020.

FREE CASH FLOW

Free cash flow totalled £464 million (2020: £105 million). During the year, we made cash payments of £186 million in relation to the programmes aimed at resizing the business (2020: £108 million). Adjusting for this, and acquisition transaction costs of £10 million included in free cash flow in 2021, underlying free cash flow was £660 million (2020: £213 million), a £447 million or 209.9% increase, with underlying free cash flow conversion of 81% (2020: 38%).

Gross capital expenditure of £654 million (2020: £749 million) is equivalent to 3.6% (2020: 3.7%) of underlying revenue.

The working capital inflow, excluding provisions and pensions, was £165 million (2020: £143 million outflow), including amounts repaid in respect of COVID-19 indirect and payroll tax payment deferral schemes available in different countries. At 30 September 2021, £16 million is deferred in respect of these schemes (2020: £234 million).

The net interest outflow was £116 million (2020: £137 million), of which £35 million (2020: £36 million) relates to interest on lease obligations.

The net tax paid was £200 million (2020: £228 million), equivalent to an underlying cash tax rate of 29% (2020: 53%). The rate was significantly higher in 2020 due to changes in the UK's corporation tax instalment payment regime and tax payments made based on higher profits arising before the COVID-19 outbreak.

The outflow related to post employment benefit obligations net of service costs was £8 million (2020: £9 million).

ACQUISITIONS

The total cash spent on acquisitions in the year, net of cash acquired, was £172 million (2020: £479 million), comprising £28 million of bolt-on acquisitions and investments in associates, £134 million of deferred consideration relating to prior years' acquisitions and £10 million of acquisition transaction costs (included in net cash flow from operating activities in 2021).

The main acquisition during the prior year was the purchase of 100% of the issued share capital of Fazer Food Services, a leading food service business in the Nordic region, for an initial consideration of £363 million net of cash acquired. The remaining contingent consideration is payable within seven years and is dependent on the operation of an earn-out. The net present value of the contingent consideration was £49 million at 30 September 2021 (2020: £53 million).

DISPOSALS

The Group has continued to simplify its portfolio of businesses and sold its remaining US laundries business during the year. The Group received £32 million (2020: £41 million) in respect of disposal proceeds net of exit costs and paid £43 million (2020: £12 million) of tax in respect of prior year business disposals.

BALANCE SHEET

	2021 £m	2020 £m
Goodwill	**4,550**	4,669
Other non-current assets	**4,556**	4,900
Working capital	**(1,255)**	(1,218)
Provisions	**(581)**	(637)
Net post employment benefit assets	**129**	190
Current tax	**(87)**	(117)
Deferred tax	**128**	26
Net debt[1] APM	**(2,538)**	(3,006)
Net assets held for sale	**17**	6
Net assets	**4,919**	4,813
Borrowings	**(3,635)**	(3,779)
Lease liabilities	**(845)**	(942)
Derivatives	**102**	231
Cash and cash equivalents	**1,840**	1,484
Net debt[1] APM	**(2,538)**	(3,006)

1. The Group's APMs are defined in note 32 and reconciled to GAAP measures in notes 1 (segmental analysis), 6 (earnings per share) and 32 (non-GAAP measures) of the consolidated financial statements.

FINANCIAL POSITION

Liquidity

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The average period to maturity is 3.7 years (2020: 4.6 years).

The Group has issued US Private Placement notes which contain financial covenants. These consist of a leverage covenant test and an interest cover covenant test which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and consolidated net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.5 times and 14.7 times, respectively, at 30 September 2021. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests. The covenant tests are shown in note 18 of the consolidated financial statements.

In May 2020, the Group completed a £1,972 million equity raise to strengthen the balance sheet and liquidity position, reducing leverage to deal with the challenging environment and ensuring Compass remained resilient in the event of further negative developments in the pandemic.

At 30 September 2021, the Group has access to £3,656 million of liquidity, including £2,000 million of undrawn committed bank facilities and £1,656 million of cash net of overdrafts. Our solid financial position will allow us to weather any further negative developments in the pandemic whilst continuing to invest in the business to strengthen our competitive advantages and support our long term growth prospects.

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

Net debt

Net debt at 30 September 2021 was £2,538 million (2020: £3,006 million). The ratio of net debt to market capitalisation of £27,210 million at 30 September 2021 was 9.3% (2020: 14.4%). At 30 September 2021, the ratio of net debt to underlying EBITDA was 1.6x. Our leverage policy is to maintain strong investment grade credit ratings and to target net debt to EBITDA in the range of 1x-1.5x.

Net debt decreased by £468 million to £2,538 million at 30 September 2021 (2020: £3,006 million) mainly reflecting free cash flow of £464 million. In the prior year, net debt reduced by £1,261 million to £3,006 million mainly reflecting free cash flow of £105 million and the net proceeds of the share placing (£1,972 million), partially offset by business acquisitions net of disposal proceeds (£450 million) and the final dividend for the 2019 financial year (£427 million).

Return on capital employed

Return on capital employed was 7.7% (2020: 4.7%) based on net underlying operating profit after tax at the underlying effective tax rate of 24.5% (2020: 27.2%). The increase mainly reflects higher profit and lower average capital employed due to lower trade receivables, higher restructuring provisions and exchange translation during the year. The average capital employed was £7,931 million (2020: £8,683 million).

Post employment benefits

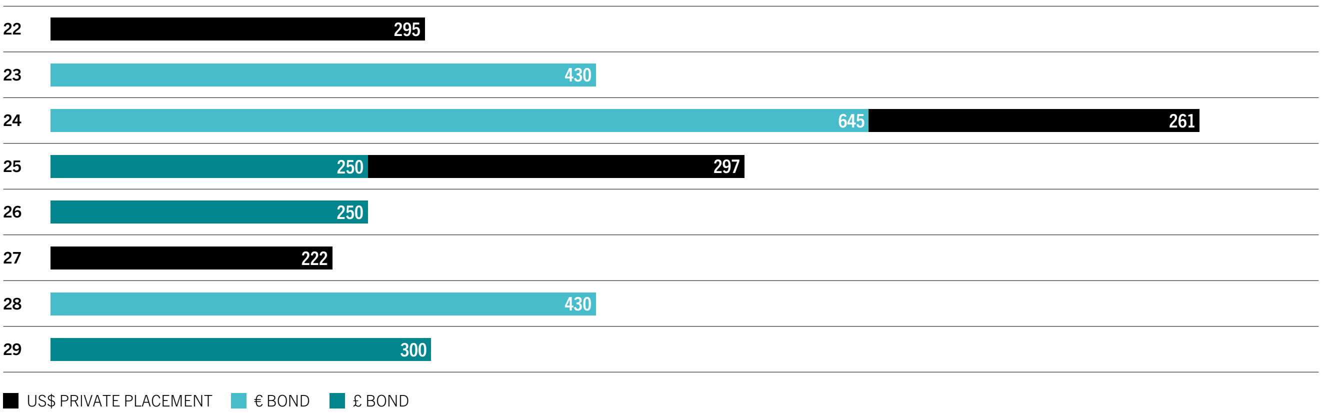
The Group has continued to review and monitor its pension obligations throughout the year, working closely with the trustees and actuaries of all schemes across the Group to ensure appropriate assumptions are used and adequate provision and contributions are made. The Compass Group Pension Plan (UK) surplus decreased to £353 million (2020: £441 million) reflecting a decrease in the market value of plan assets as gilt and corporate bond yields have increased. The net deficit in the rest of the Group's defined benefit pension schemes has decreased to £224 million (2020: £251 million). The total pensions charge to operating expenses for defined contribution schemes in the year was £124 million (2020: £118 million) and £24 million (2020: £25 million) for defined benefit schemes.

CAPITAL ALLOCATION

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

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

FINANCING – MATURITY PROFILE OF PRINCIPAL BORROWINGS AS AT 30 SEPTEMBER 2021 (£M)



1. Based on nominal value of borrowings in place as at 30 September 2021, converted at foreign exchange rates on the balance sheet date and maturing in the financial year ending 30 September.
2. The average life of the Group's principal borrowings is 3.7 years (2020: 4.6 years).

DIVIDENDS

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

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

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

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

Compass Group PLC, the parent company of the Group, is a non trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies. The level of distributable reserves in the parent company is reviewed annually and the Group aims to maintain distributable reserves that provide adequate cover for dividend payments. The distributable reserves of the parent company include the balance on the profit and loss account reserve, which are £3,125 million at 30 September 2021 (2020: £2,935 million).

The Group is in a strong position to fund its dividend, which is well covered by cash generated by the business. Details of the Group's going concern assessment can be found on page 201.

The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 76 to 81 that could adversely impact the performance of the Group, although we believe we have the ability to mitigate those risks as outlined on pages 76 to 81.

It is proposed that a final dividend of 14.0 pence per share be paid on 28 February 2022 to shareholders on the register on 21 January 2022. No interim dividend was paid and no dividends were paid in respect of the prior year. The dividend is covered 2.1 times on an underlying earnings basis.

The final dividend of 14.0 pence will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 7 February 2022.

TREASURY

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

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

Foreign currency risk

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

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

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

Interest rate risk

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

TAX

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

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

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

After many years of operations, the Group has numerous legacy subsidiaries across the world. Whilst some of these entities are incorporated in low tax territories, Compass does not seek to avoid tax through the use of tax havens. Details of the Group's related undertakings are listed in note 34 of the consolidated financial statements.

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

RISKS AND UNCERTAINTIES

The Board takes a proactive approach to risk management with the aim of protecting the Group's employees and customers and safeguarding the interests of the Group, its shareholders, employees, clients, consumers and other stakeholders.

The principal risks and uncertainties that face the business and the activities the Group undertakes to mitigate these are set out on pages 76 to 81.

RELATED PARTY TRANSACTIONS

Details of transactions with related parties are set out in note 30 of the consolidated financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

GOING CONCERN

The uncertainty as to the future impact on the financial performance and cash flows of the Group as a result of COVID-19 has been considered as part of the adoption of the going concern basis in the financial statements of the Group and parent company. The factors considered by the directors in assessing the ability of the Group and parent company to continue as a going concern are discussed on page 201.

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

Based on the assessment discussed on page 201, the directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for at least the period to 31 March 2023. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

PALMER BROWN
Group Chief Financial Officer

23 November 2021

OUR VALUES IN ACTION

PASSION FOR QUALITY

PASSIONATE ABOUT DELIVERING INNOVATIVE FOOD

Compass Group Australia employs over 5,000 people in Western Australia. In June 2021, they launched The Academy, a Perth centre designed to train and upskill employees.

Equipped with all the amenities of a village, the training centre is fitted with replica, commercial sized equipment, so training takes a hands on approach in terms of safety, operational procedures and quality.

It's a good example of how we replicate success, learn from mistakes and develop the ideas, innovation and practices that help us improve and lead in our markets.

IDENTIFYING AND MANAGING RISK

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

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

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

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

RISK MANAGEMENT FRAMEWORK

The Board has overall responsibility for risk management and has approved a risk management policy. The Group operates a formal risk management process in accordance with this policy, under which the Group's principal risks (highlighted on pages 76 to 81) are assessed and prioritised biannually.

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

RISK APPETITE

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

With respect to internal controls and risk management, as part of its remit and under its terms of reference, the Audit Committee keeps under review the adequacy and effectiveness of the Company's and Group's internal financial controls and risk management systems. These are discussed in further detail in the Audit Committee Report on pages 124 to 133.

NEW AND EMERGING RISKS

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

During the year, climate change, which had featured as a significant risk on the Group's risk registers, was elevated to a principal risk to the Group. This decision was made in recognition of global climate change which is having an impact on all of our lives. Direct impacts on the Group businesses that we believe have the potential to materialise in future include issues around food sourcing and our supply chains in some of our markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation. To mitigate this risk, we continue to focus on evaluating our exposure to climate change and seek to identify potential future issues early so that our sourcing and operations can be adjusted, and our menus adapted appropriately. We support the aims of the Task Force on Climate-related Financial Disclosures (TCFD), and we will continue to work with our clients and suppliers to propose, execute and measure solutions to support their efforts and ours in reducing greenhouse gas emissions (GHG). We have targeted net zero GHG emissions by 2050 alongside validated Science Based Targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement (see page 41).

Ensuring high standards of business ethics with regards to human rights and social equality has always been important to Compass. The ethical behaviour of large businesses is increasingly important to investors, other stakeholders and society. In recognition of this, we have reaffirmed our focus on ensuring high standards of business ethics, and have reclassified our risks to address this as a principal risk in its own right. Our business is reliant on our people to deliver great service to our clients and consumers, and we recognise that their welfare and wellbeing is the foundation of our culture and business. To enhance our ability to counter the risks to our businesses and supply chains represented by modern slavery, we have focused on the areas where our human rights strategy can have the greatest impact. This is being done through the work of our Human Rights Working Group, the engagement of specialist external advisors, our Modern Slavery eLearning tools and ongoing work to strengthen and improve our human rights due diligence as part of our supplier evaluation and labour agency reviews.

In respect of emerging risks, the Board remains alert to the continuing structural change and development in many of our markets, particularly in Business & Industry, where working practices have changed, including an increase in working from home. This trend has been greatly accelerated by the pandemic and working habits and consumer trends may not fully revert to their pre-COVID position. In addition, office and other work sites may become smaller and more numerous. Furthermore, competition from online food vendors offering delivery services is an increasing trend which may compete with our established offerings in Business & Industry, Healthcare & Senior Living and Education.

To mitigate the risk to the businesses of changes in consumer habits, we are adapting our service offering and evolving our strategy to meet the needs of our clients and consumers while continuing to create long term value. We are focused on innovation and have invested in technology, our supply chain and our ability to scale solutions that take advantage of emerging trends in the food service sector to ensure we continue to satisfy the demands of our existing and future clients and consumers.

As we emerge from the pandemic, we are cognisant of changes in the macro economic environment such as pressure on food commodity prices, fuel and labour, and the inflationary impact these can bring to the business. The macro economic environment is kept under evaluation though regular business reviews, which provides the agility to flex our contracts and operating model accordingly.

OUR PRINCIPAL RISKS

On pages 76 to 81 we set out the principal risks and uncertainties facing the business at the date of this Report and any changes to the status of these risks since 2020. These have been subject to robust assessment and review.

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

Brexit

A post-Brexit deal on trade and other issues was agreed in December 2020 between the UK and the EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not expect any material financial or operational impact resulting from Brexit. We are confident that we can continue supporting and delivering great services for our UK and international clients and consumers.

COVID-19 pandemic risk

The global pandemic has continued longer than expected and while Group operations continue to be disrupted, our focus has been on the health, safety and wellbeing of our employees, clients and consumers. Sites that are open are operating with enhanced health and safety protocols. Personal Protective Equipment requirements are in line with local government and public health guidance and there is a continued focus on employee mental health awareness.

Employees

At the onset of the pandemic, steps were taken to retain the skills and experience of our colleagues, to try to protect as many jobs as possible and to facilitate mobilisation of the businesses at the appropriate time. Employees working in units that still remain closed have, where possible, been redeployed to other sites where critical work is required, e.g. in Healthcare & Senior Living and

Education. In jurisdictions where such options were available, operations took advantage of local government support schemes where appropriate and labour regulations. Our regions provide a variety of support mechanisms through employee assistance programmes and many have established funds and other mechanisms to support employees who face financial difficulties as a result of the challenges of the pandemic.

In line with local government and public health guidance, provisions are in place throughout our operations to safeguard the health and safety of employees globally, including travel restrictions, remote working and ensuring our operations are COVID-19 secure, to continually guard against the spread of the virus. Where we operate on site, we have employed suitable health and safety protocols to ensure our employees, clients and consumers remain safe. Additional measures to combat the spread of the virus continue to operate in line with local government and public health guidance.

Locally, there has been an increased focus on providing mental health awareness, stress management and resilience toolkits, whilst individual support has been provided through employee assistance programmes and our local People teams.

Profitability and liquidity

In 2020, we implemented action plans to reduce a significant proportion of our cost base to preserve the profitability and liquidity of the Group. With the slow pace of volume growth this year, we have focused on controlling the controllable by continuing to manage our cost base, resizing our workforce and evolving and adapting our operations. We have continued to utilise government support, where appropriate, to mitigate the impact of the pandemic across the businesses.

In the fourth quarter of the year, underlying revenue recovered to 88% of pre-COVID levels and underlying operating margin increased to 5.8% compared with 0.6% in the prior year. At 30 September 2021, the Group has access to £3,656 million of liquidity, including £2,000 million of undrawn committed bank facilities and £1,656 million of cash net of overdrafts.

The Board has proposed a final dividend of 14.0 pence per share for FY21, payable in February 2022. From FY22 the dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend.

Our solid financial position should allow us to weather any further negative developments in the pandemic whilst continuing to invest in the business to strengthen our competitive advantages and support our long term growth prospects. The Board will continue to monitor the situation and to adjust the Company's capital and liquidity strategy as appropriate to deal with the situation as it continues to evolve.

Governance and operational effectiveness

Robust incident management and business continuity plans were quickly implemented at the onset of the pandemic throughout our businesses to safeguard governance processes and operational effectiveness. We have adopted a flexible approach in using technology to facilitate governance oversight and, where necessary, regional and country management, Executive Committee and Board meetings have been conducted with some members joining remotely, as needed, to ensure that the Group is able to respond to any immediate or emerging concerns, and monitor the effectiveness of strategic measures. Special measures that were put in place as a short term response to counter the initial severity of the COVID-19 outbreak, including remote working, have been proven to work effectively and can be employed as necessary.

We continue to ensure that our technology infrastructure supports remote working where necessary. Our digital diagnostics and monitoring initiatives with mainstream technology and service providers assist us in mitigating the risks presented by an attack on our technology estate and we continue to closely monitor our infrastructure and any reliance we have on third parties to ensure continuity of business critical systems and processes.

As a result of these special measures, business usage of and reliance on the internet has risen, leading to a significant increase in the number of sophisticated malware and phishing attacks across all organisations. To mitigate the risk of these types of attacks, we have run awareness campaigns to help our employees be better equipped to identify these attacks. We use the lessons learned from those exercises to target areas for improvement in our awareness campaigns.

Planning for the unknown

Due to the unpredictable nature of COVID-19 and the complexity of factors involved, we believe that the pandemic continues to represent a principal risk to the Group. We have taken the lessons learned from our businesses' response and have incorporated them into our risk management processes and procedures to mitigate the impact of this risk as far as possible in the event of further outbreaks of COVID-19, or another pandemic. With respect to managing the COVID-19 risk, we will continue to monitor recurrences of the virus, and will retain the ability to adapt our service offering, employ relevant health and safety precautions and deploy resources as necessary. Our prudent financial controls and robust modelling scenarios assist us in accounting for this risk.

Other principal risks

The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks, as well as some wider risks, for example, environmental and reputational. Two new principal risks affecting the Group were added during the year: climate change and social and ethical standards, and were reported in the 2021 half year results announcement. Bidding, which was identified as a standalone risk in previous reports, has been incorporated into the sales and retention risk. All of the other risks are consistent with those reported in the 2020 Annual Report.

All risks disclosed in previous years can be found in the annual reports available on our website www.compass-group.com. We recognise that these risks remain important to the business and they are kept under regular review. However, we have focused the disclosures on pages 76 to 81 on those risks that are currently considered to be more significant to the Group.

PRINCIPAL RISKS

Risk	Description	Mitigation
CLIMATE CHANGE AND SUSTAINABILITY		
Climate Change 1 2 3 4 5 Trend NEW	We recognise the impact of climate change on the environment and Compass; for example the operational impacts of extreme weather events, supply shortages caused by water scarcity, and transition risks, such as changes in technologies, markets and regulation.	We evaluate macroeconomic trends and insights from stakeholders and industry experts to develop and adapt our operations and strategy, which take into consideration the forces that are impacting the global food system, our industry and our operations. For example, whilst the diversification of our purchasing strategy allows us to adapt to supply changes, we are developing climate scenario analysis to more closely evaluate and respond to the risks of climate change on our business. See page 52 for our TCFD disclosures.
Social and Ethical Standards 1 2 3 4 5 Trend NEW	We rely on our people to deliver great service to our clients and consumers, so we recognise that their welfare is the foundation of our culture and business. We remain vigilant in upholding high standards of business ethics with regard to human rights and social equality.	To enhance our ability to counter the risks to our businesses and supply chains represented by modern slavery, we have focused on the areas where our human rights strategy can have the greatest impact. This has been done through our Human Rights Working Group, the engagement of external specialist advisors, our Modern Slavery eLearning tools and ongoing work to strengthen and improve our human rights due diligence as part of our supplier evaluation and labour agency reviews.
HEALTH AND SAFETY		
Pandemic COVID-19 1 2 3 4 5 Trend 2021 2020	The Group's operations have been significantly disrupted due to the ongoing global COVID-19 pandemic and associated containment initiatives. Further outbreaks of the virus, or another pandemic, could cause further business risk.	Operations and working practices have been adjusted to retain the skills and experience of our colleagues and provide flexibility in the event of a resumption of containment measures. To protect our employees, clients and consumers, enhanced health and safety protocols and Personal Protective Equipment requirements and guidelines, hygiene requirements and site layout solutions, developed in consultation with expert advisors and with our clients, have been adopted accordingly. Careful management of the Group's cost base and robust measures to protect the Group's liquidity position have ensured that we remain resilient and well placed to take advantage of appropriate opportunities as they arise. Robust incident management and business continuity plans are in place and are being monitored for effectiveness and regularly reviewed to reflect best practice.
Health and Safety 1 2 3 4 5 Trend 2021 2020	Compass feeds millions of consumers and employs hundreds of thousands of people around the world every day. For that reason, setting the highest standards for food hygiene and safety is paramount. Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to our reputation.	Management meetings throughout the Group feature a health and safety update as one of their first substantive agenda items. Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of our global supply chain are assured through compliance with a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity. Further mitigations in place include our Global Operational Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.

Risk	Description	Mitigation
PEOPLE		
Recruitment 4 5 Trend ↑ 2021 → 2020	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses in some key positions due to a lack of industry experience amongst candidates, appropriately qualified people, the seasonal nature of some of our businesses and availability issues related to COVID-19.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation, improved use of technology such as apps and social media, and targeted recruitment, training and development programmes.
Retention and Motivation 4 5 Trend ↑ 2021 ↑ 2020	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group. The current economic conditions may increase the risk of attrition at all levels of the organisation. Business closures resulting from lockdowns or other social distancing controls may significantly impact the Group's workforce in affected regions.	The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support our best people. The Group has a number of well established initiatives, which help us to monitor levels of engagement and to respond to our people's needs. Specifically, we have increased our local focus and employee support on mental health awareness, stress management and resilience, to better equip our people in times of uncertainty and change. To protect our workforce we employ measures available to us to retain as many of our skilled workforce as possible, including redeployment and, where relevant, government support schemes.

KEY

- People
- Performance
- Purpose
- ↑ Increased risk
- → Static risk
- NEW New risk

LINK TO MAP (see page 25)

1 Client sales and marketing
2 Consumer sales and marketing
3 Cost of food
4 In unit costs
5 Above unit overheads

Risk	Description	Mitigation
CLIENTS AND CONSUMERS		
Sales and Retention 1 2 Trend 2021 2020	Our businesses rely on securing and retaining a diverse range of clients. The potential loss of material client contracts in an increasingly competitive market is a risk to our businesses. Reduced office attendance, closure of client sites and fewer site visitors as a result of COVID-19 may impact revenues in affected sectors.	We have strategies that strengthen our long term relationships with our clients and consumers based on quality, value and innovation. Our business model is structured so that we are not reliant on one particular sector or group of clients. We are using technology to support the delivery of efficiencies and to contribute to growth through, for example, cashierless and cashless payment systems and the use of artificial intelligence. This benefits our clients and consumers and positively impacts retention and new business wins. Compass continues to focus on financial security and safety. In today's environment these are key strengths for our clients. Contracts may be renegotiated. We continue to focus on retention and new sales, and use technology and innovative client solutions such as cashless and cashierless payment systems and food delivery applications.
Service Delivery, Contractual Compliance and Retention 1 2 Trend 2021 2020	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims.	Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.
Competition and Disruption 1 2 3 4 5 Trend 2021 2020	We operate in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self operated market. Ongoing structural changes in working and education environments may reduce the number of people in offices and educational establishments. The emergence of new industry participants and traditional competition using disruptive technology could adversely affect our business.	We aim to minimise this and to respond to new market and consumer food services trends by continuing to promote our differentiated propositions and by focusing on our strengths, such as flexibility in our cost base, quality, value of service and innovation. We harness our knowledge and experience and continue to invest in technology which will help us to counter any potential risk and to capitalise on the opportunities created. Compass continues to evolve its offer to increase participation rates and service sites of different sizes. The business is able to adapt to changes in the service provision environment and where possible take advantage of changes in the market. We leverage expertise and technology which help us differentiate our food services offer. For example our investments in SmartQ, EAT Club and Feedr have given us new platforms that allow us to pivot our food operations according to changing client and consumer demands.

Risk	Description	Mitigation
ECONOMIC AND POLITICAL ENVIRONMENT		
Economy 1 2 3 4 5 Trend Static 2021 Increased 2020	Sectors of our business could be susceptible to adverse changes in economic conditions and employment levels. Continued worsening of economic conditions has increased the risk to the businesses in some jurisdictions. The full extent of the medium to long term financial impacts of COVID-19 on economies worldwide is, as yet, unknown.	As part of our strategy, we are focused on productivity and purchasing initiatives which help us to manage our cost base. During adverse conditions we can, if necessary, take actions to reduce labour costs. We have implemented action plans to protect the profitability and liquidity of the Group and mitigate a significant proportion of our cost base. We continue to review our cost base for additional savings.
Cost Inflation 3 4 5 Trend Increased 2021 Static 2020	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the USA and UK, or the cost of food, could constitute a risk to our ability to do this. Increases in inflation continue to intensify cost pressures in some locations.	As part of our MAP framework and by sharing best practice across the Group, we seek to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and by the increased use of technology. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients. We anticipate that our cost action programmes and continued oversight over supply chain costs will assist us in taking appropriate action to mitigate the risks in this area.
Political Stability 1 2 3 4 5 Trend Static 2021 Increased 2020	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability. Political instability around the world remains a risk as a result of continuing geopolitical tensions.	The Group remains alert to future changes presented by emerging markets or fledgling administrations and we try to anticipate and contribute to important changes in public policy. Where possible, we seek to absorb price increases through operational efficiencies, and cost indexation in our contracts also gives us the contractual right to review pricing with our clients. We have in place recruitment and retention strategies to mitigate any impact on our labour supply. We remain vigilant to changes in political stability in local jurisdictions and retain the flexibility to take appropriate mitigating action as necessary.

KEY

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LINK TO MAP (see page 25)

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Risk	Description	Mitigation
COMPLIANCE AND FRAUD		
Compliance and Fraud 1 2 3 4 5 Trend → 2021 → 2020	Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation, its performance and/or a reduction in the Company's share price and/or a loss of business. A failure to manage these risks could adversely impact the Group's performance and/or reputation if significant financial penalties are levied or a criminal action, sanction or other litigation is brought against the Company, its directors or executive management. Companies face increased risk of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct both internally and externally, due to financial and/or performance pressures and significant changes to ways of working.	The Group's zero tolerance based Code of Business Conduct and Code of Ethics continue to govern all aspects of our relationships with our stakeholders. We operate a continuous improvement process as part of the Group's Ethics and Integrity programme to enhance and strengthen our culture of integrity, sharing insights and emerging trends between our regional and country management teams. The Group undertakes a robust risk management assessment that helps properly identify major risks and ensures the internal control framework remains effective through regular monitoring, testing and review. Regulatory and compliance risks are included in this process to enable visibility and planning to address them. A strong culture of integrity is promoted through our Ethics and Integrity programme and our independently operated Speak Up, We're Listening helpline and web platform. All alleged breaches of the Codes, including any allegations of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct, are followed up, investigated and dealt with appropriately. Regulation and compliance risk is also considered as part of our annual business planning process. Our Ethics and Integrity eLearning platform provides increased engagement on key regulatory and ethics and integrity topics for Group employees and clear communication of our standards and expectations. Internal Audit regularly reviews internal controls and analyses financial transactions to mitigate the risk of error or fraud.
International Tax 3 5 Trend ↑ 2021 → 2020	The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. The need to raise public finances to meet the cost of the COVID-19 pandemic is likely to cause governments to consider increases in tax rates and other potentially adverse changes in tax legislation, and to renew focus on compliance for large corporates. Multiple initiatives to assist businesses have been introduced across tax jurisdictions in response to the COVID-19 pandemic.	We seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. We act in compliance with relevant laws and disclosure requirements. We manage and control these risks in a proactive manner and in doing so exercise our judgement and seek appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis. We are proactively managing our tax arrangements in accordance with these various government led initiatives and ensure compliance is achieved by putting robust processes and controls in place, including third party support and review.

Risk	Description	Mitigation
COMPLIANCE AND FRAUD (CONTINUED)		
Information Systems and Technology 1 2 3 4 5 Trend Static risk 2021 Increased risk 2020	The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data and damage to brand reputation through, for example, the increased and instantaneous use of social media. Disruption caused by the failure of key software applications, security controls or underlying infrastructure could delay day to day operations and management decision making. The incidence of sophisticated phishing and malware attacks on businesses is rising with an increase in the number of companies suffering operational disruption and loss of data. The increase in remote working has led to an increase in the risk of malware and phishing attacks across all organisations.	We continually assess our cyber risk and manage the maturity of our enterprise infrastructure, platforms and security controls to ensure we can effectively defend against any current or future cyber attacks. We also have in place appropriate crisis management procedures to handle issues in the event of our defences being breached. This is supported by using industry standard tooling, experienced professionals and partners and regular compliance monitoring to evaluate and mitigate potential impacts. The Group relies on a variety of digital and technology platforms to manage and deliver services and communicate with our people, clients, consumers and suppliers. Our decentralised model and infrastructure help to mitigate propagation of attacks across the Group's technology estate. We continue to be focused on the need to maximise the effectiveness of our information systems and technology as a business enabler. As such, we have increased our investment in technology and people in order to strengthen our platforms and enhance our cyber security defences to mitigate the risk of technology failure and data loss. We have implemented configuration changes to block phishing emails, increased awareness campaigns to help our people identify these types of attacks, and are targeting areas for further improvement in the development of these campaigns.

KEY

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VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the viability of the Group, taking into account the Group's current trading performance and position, the latest three year strategic plan and the potential impact on cash flow of the principal risks documented on pages 76 to 81.

STRATEGIC PLANNING PROCESS

The Board considers annually a three year, bottom up strategic plan and a more detailed budget which is prepared for the following year. Current year business performance is reforecast during the year. The plan is reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the management team. The Board's role is to consider the appropriateness of key assumptions, considering the external environment and business strategy. The most recent three year plan was approved by the Board in November 2021.

PERIOD OF ASSESSMENT

The directors have determined that a three year period to 30 September 2024 is an appropriate period over which to provide its viability statement on the basis that it is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of the Group's contracts (three to five years). The directors believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer term outlook.

VIABILITY ASSESSMENT

In making its assessment, the Board carried out a robust evaluation of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. A downside scenario has been modelled to reflect the COVID-19 pandemic risk (see page 76) on the basis that the Group's three year strategic plan is most sensitive to potential changes in the duration and severity of the impact of COVID-19.

This scenario represents an extension of the 'severe but plausible' downside scenario from the going concern assessment (see page 201) and reflects the potential impact of prolonged pandemic disruption by modelling an 18 month delay in the recovery of revenue from the COVID-19 pandemic and limited margin progression over the assessment period. Unlike the going concern assessment, the downside scenario for the viability assessment does not assume that there is no new M&A activity as a mitigating action.

The impact of the downside scenario has been reviewed against the Group's projected liquidity headroom, credit ratings and financial covenants over the three year viability period. Should this scenario occur, the Group remains within its financial covenants and has sufficient committed headroom on liquidity without any significant mitigating actions being deployed.

At 30 September 2021, the Group had £2,000 million of undrawn committed bank facilities, which mature in August 2024 (£140 million) and August 2026 (£1,860 million), and £1,656 million of cash net of overdrafts. Term debt maturities in the three year period total £1.6 billion. Based on forecast cash flows in the strategic plan, it is anticipated that the Group will need to refinance maturing debt during the three year period to 30 September 2024 in order to maintain the desired level of headroom. Under the downside scenario, this refinancing requirement is not accelerated given the strong liquidity position of the Group. If necessary, mitigating actions could be implemented to reduce the refinancing requirement.

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

Mitigating actions were identified and implemented last year as part of the Group's COVID-19 pandemic response including, but not limited to, reducing planned capital spend, resizing the cost base of the Group, renegotiating client contracts, pausing M&A activity, securing additional committed funding and pausing shareholder returns. In addition to these actions, the Group also completed a £2 billion equity raise in the prior year.

The potential impact of the Group's other principal risks has not been modelled as part of the viability assessment on the basis that they are not sufficiently material to change the conclusion.

In addition to our downside scenario, we have prepared a reverse stress test to identify the circumstances that would cause us to breach our headroom or covenants. The reverse stress test shows that revenue would have to reduce to approximately 60% of 2019 levels throughout the three year assessment period before the leverage covenant is reached. Whilst this is considered to be extremely unlikely, mitigating actions could be implemented as described above.

The geographical and sector diversification of the Group's operations helps to minimise the risk of serious business interruption or catastrophic damage to our reputation. Furthermore, the Group's business model is structured so that the Group is not reliant on one particular group of clients or sector. The Group's largest client constitutes only 3% of Group revenue and the Group's top 10 clients account for 12% of Group revenue.

The Audit Committee reviews the output of the viability assessment in advance of final evaluation by the Board. Having reviewed the Group's current trading performance and position, forecasts, debt servicing requirements, total facilities and principal risks, the Board has a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and retain sufficient available cash over the three year period to 30 September 2024.

PALMER BROWN
Group Chief Financial Officer

23 November 2021

The Strategic Report, as set out on pages 2 to 82, has been approved by the Board.

ALISON YAPP
Group General Counsel and Company Secretary

23 November 2021

OPENNESS, TRUST AND INTEGRITY

SPEAK UP, WE'RE LISTENING RELAUNCH

We promote a workplace where our people can speak up and be heard. In doing so, we continue to foster a culture of openness and integrity by encouraging consistent instincts to do what is right, not what is easy.

The Company has recently relaunched its Speak Up, We're Listening programme. Accessible internally and externally, and managed by the Group's Ethics and Integrity function (independently of any other lines of business), the programme is designed to further empower anyone to raise concerns or allegations of potential misconduct, reinforcing our commitment to an environment of openness, trust and accountability.

Each concern is assessed, followed up and investigated (if appropriate) by an assigned case manager, with regular reports to the Corporate Responsibility Committee and the Regional Governance Committees. Themes, insights and lessons learned are shared as appropriate.

GOVERNANCE AND LEADERSHIP

"IN THE PAST YEAR, MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE AND ENSURING THAT THE MANAGEMENT OF THE COMPANY CONTINUES TO BE ALIGNED WITH OUR PURPOSE, STRATEGY AND VALUES, HAS PROVED TO BE MORE IMPORTANT THAN EVER BEFORE."

IAN MEAKINS
Chairman of the Board

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present Compass Group PLC's Corporate Governance Report for the financial year ended 30 September 2021.

THE YEAR IN REVIEW

This is my first year as your Chairman. My predecessor, Paul Walsh, stepped down at the end of November 2020 after almost seven years in office. Throughout his time at Compass, Paul was highly respected by his Board colleagues and also by the Company's shareholders. On behalf of the Company I would like to take this opportunity to thank Paul for his services to Compass and, on a personal note, to thank him for his support during my first few months with the Company.

I joined Compass during one of the most turbulent periods in the Company's history. When I arrived in September 2020, a significant proportion of the Group's businesses were closed. It is largely due to the 'can do' attitude evident in the boardroom and throughout the businesses that our model of value creation remains strong. We have financial resilience that means we are well positioned to continue our recovery, and to emerge a stronger and more sustainable business for the future.

During 2021, we concentrated our efforts on addressing the challenges created by the pandemic. As a Board, we worked collectively using our range of skills and wealth of experience to identify solutions to quickly address the ongoing threats posed by the pandemic. In parallel, we continued to formulate our plans for a post-COVID normality.

Our executive directors worked closely with the executive management team to implement our strategy on a day to day basis, while our non-executive directors played their part by continuing to provide an independent view on the running of the Group, governance and controls, and boardroom best practice. They also maintained their oversight and constructive challenge of management on its implementation of Group strategy and the Board's appetite for and management of risk. This balanced approach helped to ensure high standards of corporate governance were maintained; the management of the Company continued to be aligned with our purpose, strategy and values; and decisions taken by the Board considered the interests of the Company's stakeholders and continued to be in the best interests of the Company as a whole.

We believe that this robust Board dynamic has enabled us to control the controllable, leaving us better placed to capture opportunities as our markets and sectors reopen.

PURPOSE, CULTURE AND VALUES

The pandemic has created a shift in the thinking of shareholders and other stakeholders. An interest that goes beyond financial performance to the reason for the Company's existence, its place and role in society, its resilience and its ability to create value over time. Throughout the year, we reflected on what matters to our shareholders and stakeholders.

We concluded that our commitment to a social purpose, founded on a safety culture built around caring for our people, clients and consumers, continues to be appropriate and has helped us to weather the challenges of the past year, and will continue to do so in the future.

OUR PEOPLE, OUR GREATEST ASSET

Our people remain our greatest asset and our highest priority, living our values, differentiating us from our competitors, and helping us to win new business and retain our existing clients. To ensure that our people continue to understand and embrace our values and the role they play in our distinctive, delivery focused culture, the Board has been carefully monitoring the performance indicators that demonstrate that our business and our people embody our purpose and live our values day to day. To support our people during this difficult period, we have continued to focus on the physical, mental and financial wellbeing of our colleagues, ensuring they have access to various resources and tools to support healthy eating, exercise and good mental health.

I would like to take this opportunity to thank all of our people for their incredible support to the business, demonstrated in their care for each other, our clients and our consumers. It is a testament to their passion, hard work, dedication and professionalism that the Group remains resilient and ready for the challenges ahead. More details of our people initiatives can be found on pages 32 to 39.

RISK MANAGEMENT

Our well established risk management processes have continued to give the Board and its committees the flexibility to consider and guide management in response to the risks caused by the pandemic. The Board received regular reports on the development of the pandemic and its impact at a global, regional and local level, with the length of meetings of directors being increased to cater for greater information flow and additional deliberation time.

This approach supported the Board in its oversight of the delivery of a comprehensive package of measures to mitigate the risks caused by COVID-19 and to allow the businesses to take advantage of potential opportunities as we move forward. The impact of the pandemic, and the mitigation plans employed by management, are described in greater detail in the Strategic Report on pages 2 to 82.

The Board has adopted a thoughtful approach to the consideration of its existing principal risks and, in line with many other companies, has recognised climate change as a global threat and also as a direct challenge to the Group's operations. We are committed to addressing climate change as a priority for the Group and, as announced on 15 October 2021, we have made a commitment to reach net zero greenhouse gas (GHG) emissions across our global operations and value chain by 2050.

The Group's net zero target makes Compass the first international company in the contract catering industry to announce a global commitment to a 2050 net zero emissions economy. It includes emissions reduction targets over the next decade which have been validated by the Science Based Targets initiative (SBTi), and a further commitment to be carbon neutral worldwide in our own operations (Scope 1 & 2) by 2030.

More information on our principal risks and our approach to risk management can be found on pages 73 to 81, and for further information on our sustainability initiatives with respect to climate change see pages 40 to 53.

STAKEHOLDERS

As widely reported in the media, the hospitality sector was one of a number of industries more severely affected by the pandemic due to the length and severity of lockdown measures. This has impacted all of our stakeholders to varying degrees.

The Board oversaw engagement with the Group's stakeholders throughout the year, receiving regular reports from management and subject matter experts and, where relevant, through direct stakeholder engagement by Board members. Details of how the Group engages with stakeholders can be found on pages 28 to 31 of the Strategic Report. How the Board has engaged or has overseen engagement, together with the effect of stakeholder considerations on the Board's principal decisions, can be found on pages 98 to 101 of the Governance Report.

SUCCESSION PLANNING AND DIVERSITY

The Board has a strong succession planning process in place, led by the Nomination Committee. Over the course of the year, much of the Nomination Committee's time focused on the skills required of the Board and in the talent pipeline of senior management to support the future growth and development of the Group's businesses. We remain committed to maintaining diversity on the Board and to the Hampton-Alexander target of at least 33% female Board membership. As at 30 September 2021, this stood at 36%. At the date of this Report it is 33% and at the conclusion of the 2022 AGM it will remain 33%. We continue to embrace diversity of gender, cultural background and experience, and expect this to be increasingly reflected in Board composition over the coming years. We also support the aims of the Parker Review's ethnic diversity recommendations, and our Board composition is consistent with the review's diversity targets. As a Group, we are working to address gender balance across the wider organisation and, in support of this aim, the Nomination Committee has maintained its oversight of the development and delivery of talent and diversity and inclusion initiatives, and over succession planning arrangements, to ensure these initiatives and arrangements remain consistent with our culture and values.

BOARD CHANGES

Paul Walsh stepped down as a director on 30 November 2021. I succeeded Paul as Chairman of the Board on 1 December 2021. John Bason has been a non-executive director since 2011 and is due to step down from the Board at the conclusion of the forthcoming AGM. During his time with the Company, John served in various capacities including as Senior Independent Director (SID) and Chairman of the Audit Committee. Over the past year, John has assisted in the handover process of these responsibilities to his successors. He has also proved to be a great source of support during my first year as Chairman, for which I am deeply grateful. John has been succeeded by John Bryant as SID, and Anne-Francoise Nesmes as Chair of the Audit Committee. On behalf of the Board, I would like to thank John for his invaluable and tireless service to the Company.

As announced on 4 October 2021, Karen Witts, our former Group Chief Financial Officer, stepped down from the Board on 31 October 2021. On behalf of the Board, I would like to thank Karen for her valuable contribution, particularly over the last 18 months which has been a time of exceptional challenge for Compass. Karen leaves the Group in strong financial health. Palmer Brown, who has been with the Group for more than 20 years, was appointed as a director and Group Chief Financial Officer Designate with effect from 4 October 2021. He succeeded Karen Witts as Group Chief Financial Officer on 1 November 2021 and also became a member of the Corporate Responsibility Committee on the same date. Palmer knows the business very well and is ideally suited to help lead the Group as it recovers from the impact of the COVID-19 pandemic.

During the year, we undertook an exercise to identify and recruit two new non-executive directors. As announced on 25 October 2021, following a recommendation by the Nomination Committee which was approved by the Board, Ms Arlene Isaacs-Lowe and Mr Sundar Raman were appointed to the Board and as members of the Audit, Corporate Responsibility, Nomination and Remuneration Committees with effect from 1 November 2021 and 1 January 2022 respectively. Ms Isaacs-Lowe is currently Special Advisor at Moody's Corporation and was formerly its Global Head of Corporate Social Responsibility (CSR), where she developed and implemented its global CSR strategy. Ms Isaacs-Lowe brings over 20 years' executive experience in CSR, finance, strategy and sales. Mr Raman is currently the Global CEO of Fabric and Home Care, Procter & Gamble's largest business, where he is responsible for delivering growth through innovation, a synchronised supply chain, brand building and sales. Mr Raman brings over 20 years' experience as an executive operating in highly competitive markets and successfully growing global consumer brands. I look forward to working with Ms Isaacs-Lowe and Mr Raman and benefiting from their backgrounds and experience in Board deliberations over the coming years.

More details of the recruitment process can be found on pages 112 to 113 in the Nomination Committee Report and Ms Isaacs-Lowe's biography can be found on page 90.

EFFECTIVENESS

To ensure that the Board and its committees continue to operate effectively, a performance evaluation of the Board and its principal committees is undertaken annually. For the past three years, we have used the services of external advisors, Lintstock Limited, to support the evaluation process, which year on year has built on the priorities identified in the previous years. The outcome of this year's evaluation demonstrated that the Board continued to operate effectively. Details of this year's evaluation can be found in the Nomination Committee's Report on pages 116 to 123.

LOOKING FORWARD

The Board's priorities remain consistent, with a continued focus on the development and implementation of the Group strategy, succession planning and oversight of risk. The directors believe that the Board is well placed to perform its stewardship role to ensure that the Company continues to recover and to deliver long term sustainable success. As a Board, we will continue to adapt our approach and to promote and safeguard the interests of the Company, its shareholders and other stakeholders over the coming years.

The 2022 AGM will be held on Thursday 3 February 2022. Further details will be published in the Notice of Annual General Meeting which will be sent to shareholders and made available on the Company's website, www.compass-group.com, in December.

IAN MEAKINS
Chairman

23 November 2021

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

COMPLIANCE STATEMENT

It is the Board's view that for the financial year ended 30 September 2021, the Company has been compliant with all of the principles and provisions set out in the UK Corporate Governance Code 2018, with the exception of provision 38 (alignment of executive director pension contribution rates with those available to the workforce), for which phased arrangements are in place to ensure compliance by 31 December 2022, as detailed in the Remuneration Report on page 146. The Board considers it appropriate that there is a phased transition of existing pension benefits for executive directors in line with the Remuneration Policy which was approved by shareholders at the Annual General Meeting on 4 February 2021. The Policy also provides that, for directors appointed since the Policy was approved, the annual maximum pension allowance or contribution will be aligned to the maximum rate available to the majority of the wider UK workforce.

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

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 2021.

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Board is committed to the high standards of corporate governance set out in the UK Corporate Governance Code 2018 (the Code). The Code can be found on the Financial Reporting Council (FRC) website at www.frc.org.uk.

This Corporate Governance Report, together with the Directors' Remuneration Report set out on pages 144 to 177, describes how the Board has applied the main principles of good governance and complied with the relevant provisions as set out in the Code for the year under review.

The Directors' Report also contains information required to be disclosed under the UKLA's Rules and under the Disclosure Guidance and Transparency Rules (DTR). To the extent necessary, certain information is incorporated into this Report by reference.

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

This Corporate Governance Report on pages 84 to 177 and the Other Statutory Disclosures on pages 178 to 183 together with the Directors' Responsibilities Statement on page 184 and the Strategic Report on pages 2 to 82, which have been incorporated into this Report by reference, make up the Directors' Report.

1 BOARD LEADERSHIP AND COMPANY PURPOSE

Compass is led by an effective and committed Board, dedicated to promoting the long term sustainable success of the Company, generating value for shareholders and stakeholders, and contributing to wider society.

» Read more on pages 84 to 105.

2 DIVISION OF RESPONSIBILITIES

The roles of the Chairman and the Group CEO are separate and there is an appropriate combination of executive and independent non-executive directors.

» Read more on pages 106 to 107.

3 COMPOSITION, SUCCESSION AND EVALUATION

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

» Read more on pages 108 to 123.

4 AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

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

» Read more on pages 124 to 133.

5 REMUNERATION

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

» Read more on pages 144 to 177.

BOARD OF DIRECTORS

IAN MEAKINS
Chairman

C N

Appointment
Appointed to the Board on 1 September 2020. Became Chairman of the Board on 1 December 2020.

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

Current external appointments
Ian is non-executive Chairman of Rexel SA.

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

DOMINIC BLAKEMORE
Group Chief Executive Officer (CEO)

C E G

Appointment
Joined the Board in February 2012. Dominic previously held the roles of Group Finance Director, Group Chief Operating Officer, Europe and Deputy Group CEO. He 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 joined the board of London Stock Exchange Group as a non-executive director in January 2020 and is also a member of the Council of University College London.

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

PALMER BROWN
Group Chief Finance Officer (CFO)

C D E G T

Appointment
Appointed to the Board in October 2021, having joined the Group in 2001. Became Group CFO in November 2021.

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

Current external appointments
None.

Previous experience
Palmer was previously Group Commercial Director and before that Chief Strategy Officer, Compass Group North America. Prior to that he also served as General Counsel and Executive Vice President of Corporate & Legal Affairs for our US business.

BOARD COMMITTEE MEMBERSHIP

A AUDIT COMMITTEE P.124
C CORPORATE RESPONSIBILITY COMMITTEE P.134
D DISCLOSURE COMMITTEE P.106
E EXECUTIVE COMMITTEE P.106
G GENERAL BUSINESS COMMITTEE P.106
N NOMINATION COMMITTEE P.108
R REMUNERATION COMMITTEE P.144
T TREASURY MANAGEMENT COMMITTEE P.106
CHAIRMAN
SENIOR INDEPENDENT DIRECTOR
DESIGNATED NED FOR WORKFORCE ENGAGEMENT
SECRETARY

GARY GREEN
Group Chief Operating Officer, North America

E G

Appointment
Joined the Board in January 2007. Appointed Group Chief Operating Officer, North America in April 2012.

Key skills and competencies
Gary brings strong business and operational leadership as well as business development and wide ranging sales experience. Gary is a chartered accountant and in 2001 received an honorary doctorate from Johnson & Wales University in the USA.

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 USA in 1994 as CFO of the Group's North American business and in 1999 became its CEO.

JOHN BRYANT
Senior Independent Director (SID)

A C N R

Appointment
Appointed to the Board in September 2018. Appointed SID in February 2021.

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

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

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

CAROL ARROWSMITH
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 of advising boards on executive remuneration across a range of sectors. Carol is a Fellow of the Chartered Institute of Personnel and Development.

Current external appointments
Non-executive director of Centrica plc and Vivo Energy PLC, director and trustee of Northern Ballet Limited and director of Arrowsmith Advisory Limited. Member of the Advisory Group for Spencer Stuart.

Previous experience
Carol is a former partner and advisor of Deloitte LLP and was Vice Chairman of its UK business. She is also a former director of the Remuneration Consultants Group and non-executive director of TMF Group Limited.

STEFAN BOMHARD
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 relating to 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 the former CEO of Inchcape plc and before that was President of Barcardi 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.

ARLENE ISAACS-LOWE
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
Special Advisor at Moody's Corporation, member of the advisory board of Agbanga Karite LLC and member of the advisory board of Howard University School of Business.

Previous experience
Arlene was formerly the Global Head of Corporate Social Responsibility of Moody's Corporation, where she developed and implemented their global CSR strategy. She joined Moody's in 1998 and 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.

ANNE-FRANCOISE NESMES
Non-executive director

A C N R

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

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

Current external appointments
CFO of Smith+Nephew PLC.

Previous experience
Anne-Francoise is the 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.

BOARD COMMITTEE MEMBERSHIP

A AUDIT COMMITTEE P.124	G GENERAL BUSINESS COMMITTEE P.106	CHAIRMAN
C CORPORATE RESPONSIBILITY COMMITTEE P.134	N NOMINATION COMMITTEE P.108	SENIOR INDEPENDENT DIRECTOR
D DISCLOSURE COMMITTEE P.106	R REMUNERATION COMMITTEE P.144	DESIGNATED NED FOR WORKFORCE ENGAGEMENT
E EXECUTIVE COMMITTEE P.106	T TREASURY MANAGEMENT COMMITTEE P.106	SECRETARY

NELSON SILVA
Non-executive director

A C N R

Appointment
Appointed to the Board in July 2015.

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 advisor to Appian Capital Advisory LLP and HSB Solomon Associates LLC.

Previous experience
Nelson was formerly an executive director of Petróleo Brasileiro S.A. and President of the Aluminium business unit at BHP Billiton PLC, based in the UK. Prior to joining BHP Billiton, Nelson held a number of senior positions at Vale S.A., including Sales and Marketing Director based in Belgium, Japan and Brazil. Nelson is a former non-executive director of Cosan Limited, Managing Director of Embraer for Europe and Africa, based in France, and Chief Executive Officer of All Logistica in Argentina.

IREENA VITTAL
Non-executive director and Designated NED for workforce engagement

A C N R

Appointment
Appointed to the Board in July 2015. Appointed Designated NED 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 Diageo plc, Godrej Consumer Products Limited, WIPRO Limited and Housing Development Finance Corporation Limited.

Previous experience
Ireena was formerly a non-executive director of Titan Company Limited, The Indian Hotels Company Limited, Cipla Limited, Tata Global Beverages Limited, Tata Industries, Zomato Media Private Limited, GlaxoSmithKline Consumer Healthcare and Axis Bank Limited, as well as Head of Marketing and Sales at Hutchinson Max Telecom and a partner at McKinsey and Company.

JOHN BASON
Non-executive director

C N

Appointment
Appointed to the Board in June 2011.

Key skills and competencies
John brings significant financial and international experience to the Board, gained from his long career with major global businesses. John is a chartered accountant.

Current external appointments
Finance Director of Associated British Foods plc and Chairman of the charity FareShare.

Previous experience
John was previously Finance Director of Bunzl plc and is a former trustee of Voluntary Service Overseas.

ALISON YAPP
Group General Counsel and Company Secretary

A C G N R D E

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

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

Current external appointments
None.

Previous experience
Alison is the former Chief General Counsel and Company Secretary of Amec Foster Wheeler plc. She previously held the roles of Company Secretary and General Legal Counsel of Hays plc and Company Secretary and Group Legal Advisor of Charter plc. Prior to joining Charter, Alison held a number of senior legal roles at Johnson Matthey plc.

INNOVATION, GREAT FOOD AND OUTSTANDING TEAMWORK GO HAND IN HAND AT COMPASS

We're greater than the sum of our parts and with passion, pride and enthusiasm we achieve great things. A good example is Compass Group UK and Ireland's annual Compass Apprentice Chef of the Year competition, with six apprentice chefs from across the business battling it out for the coveted title. The whole competition is a learning experience with a chef family, all about coaching, developing and sharing. It's a great example of how our businesses encourage individual ownership and work as a team, supporting each other and readily sharing good practice. The competition is also evidence of the benefits of apprenticeships in supporting the skills development of our future talent.

WIN THROUGH TEAMWORK

ROLE OF THE BOARD

LEADERSHIP OF THE GROUP

The Board leads the Group's governance structure. It provides stewardship of the Company with the purpose of safeguarding its long term sustainable success, creating value for the Group's shareholders and other stakeholders and enabling the Group to make a contribution to the communities and wider societies in which it operates.

PURPOSE AND VALUES

An integral part of the Board's leadership role is to establish the Group's purpose, define its values and promote and monitor its culture. The Group's purpose and values are discussed in the strategic report on pages 2 to 82.

GROUP CULTURE

The Board sets the tone from the top. We have established and we promote a culture within the Group that enables our entrepreneurial spirit and customer focused approach to flourish within a strong governance structure. Our governance framework supports the Group's purpose, values, control environment and our approach to risk appetite and management. We protect and promote our culture in a number of ways, including by the use of internal controls and processes, clear communication and feedback, a proactive employee engagement programme, and our robust Speak Up, We're Listening programme – all of which assist us in monitoring the cultural health of the Group. We assess the effectiveness of our mechanisms through a number of performance measures, details of which can be found on pages 26 and 27.

GOVERNANCE AND RISK

The Board is responsible for the oversight of risk and for setting the Group's risk appetite. In doing so, it ensures that the necessary resources are in place for the Company to meet its objectives and to measure its performance. The Board has established a robust governance and risk framework which has been devised 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 or mitigate those risks. Read more about risk management on pages 73 to 82.

GROUP STRATEGY

The Board's approval, effective oversight and monitoring of the implementation of the Group's strategy are vital to the Group's long term sustainable success. Food service remains at the core of our offer. The market for food service continues to provide significant structural growth opportunities and we will continue to create innovative, bespoke offers that meet the needs of our clients and consumers to ensure that we are well placed to capture future market opportunities. More details of our business model and strategy can be found in the Strategic Report on pages 2 to 82.

ACCOUNTABILITY TO SHAREHOLDERS AND STAKEHOLDERS

The Board ensures that the Group continues to operate in the interests of its shareholders as a whole, and is collectively accountable to them for the success of the Group. In exercising its duty to promote the success of the Company, the Board has regard to its other stakeholders, the environment, the reputation of the Company and the need to act fairly between its members. Stakeholder engagement is discussed on pages 98 to 101.

MANAGEMENT DELEGATION AND OVERSIGHT

The Board delegates the delivery of the strategy and day to day management of the Group to the Group CEO, who is accountable to the Board for its successful leadership and operations. For more information see the strategic report on pages 2 to 82.

OUR VALUES ARE
DEFINED BY THE BOARD

STRATEGIC FOCUS

Ensuring that Compass retains its disciplined approach to long term growth, its focus on food services as its core competence, and its delivery of value for all of its stakeholders is dependent on the successful implementation of the strategy approved by the Board. The Group's strategy is continuously monitored and evaluated throughout the year, with detailed insights into the delivery of strategy in each of our regions provided by senior management.

The Board considers and approves the Group's strategic aims for the short, medium and long term. The Board is sensitive to the external environment in which the Group operates and oversees the adjustment of short and medium term strategy to support its long term goal of ensuring the continued success of the Company. In 2021, the Board oversaw, approved and supported the following strategic aims of management:

CONTROL THE CONTROLLABLE

In an uncertain environment the Board supported management's focus on operational elements that could be directly influenced to protect the businesses and help them thrive. These included operational initiatives such as contract renegotiations, creating a more flexible workforce and refining the operating model.

» Read more on page 14.

INVEST IN GROWTH

In tandem with the Group's responses to the pandemic, the Board was able to look beyond the immediate challenges, and plan for the future. In doing so, the Board has encouraged management's initiatives to position the Group for continued growth, both organically and inorganically.

» Read more on page 16.

REOPENING AND MOBILISING SAFELY

The Board ensured that the health and safety of employees, clients and consumers remained a priority. The Board also ensured that the Group focused on reopening and mobilising efficiently with a focus on further embedding enhanced health and safety controls.

» Read more on page 18.

OPTIMISE AND EVOLVE

The Board recognises the probability of lasting impacts of the pandemic on the Group's operations, and an integral part of the Group's strategy moving forward is to ensure that operations adapt to the 'new normal' utilising innovation to optimise operational performance.

» Read more on page 20.

» We discuss the impact of COVID-19 on our three strategic pillars of People, Performance and Purpose on page 95.

MATTERS RESERVED

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 were reviewed and updated during the year. Full details can be found on the Company's website www.compass-group.com.

For more information, scan the QR code.

BOARD MEMBERSHIP AND ATTENDANCE

Member	Member since	Eligible to attend[1]	Meetings attended
Carol Arrowsmith	Jun 2014	6	6
John Bason	Jun 2011	6	6
Dominic Blakemore	Feb 2012	6	6
Stefan Bomhard	May 2016	6	6
John Bryant	Sep 2018	6	6
Gary Green	Jan 2007	6	6
Ian Meakins	Sep 2020	6	6
Anne-Francoise Nesmes	Jul 2018	6	6
Nelson Silva	Jul 2015	6	6
Ireena Vittal	Jul 2015	6	6
Paul Walsh[2]	Jan 2014	1	1
Karen Witts	Apr 2019	6	6

1. The maximum number of meetings that a member was eligible to attend.
2. Stepped down from the Board and its committees on 30 November 2020.

IMPACT OF COVID-19 ON OUR STRATEGY

The Board continued to protect the interests of the Company. Decisions were made at a time when it was still unclear how long the pandemic would last and what the full impact on the Company's businesses would be. In this environment of uncertainty, we took control of those matters that were within our control.

PEOPLE: OUR KEY INGREDIENT

In its response to COVID-19, the Board supported objectives and activities of management to protect and reassure our people during a period of great uncertainty and to safeguard as many jobs as possible.

The Group's People strategy had to be adapted quickly in response to the exceptional circumstances. The Board considered and endorsed a series of measures that were adopted quickly and implemented sensitively by management:

- retrain/redeploy safely
- use of government support schemes
- deployment of employee support mechanisms
- reopen and mobilise safely
- rightsize, where necessary

Throughout the year, the Board monitored management's implementation of each of the measures, and their impact on the business and on our people. To help evolve the strategy in response to the rapidly changing circumstances, the Board received:

- advice from subject matter experts on safety measures, PPE and reopening safely
- insights into how our people were being supported, protected and redeployed where possible
- information on measures to combat financial hardship and support mental health and wellbeing
- reports related to rightsizing, when this was necessary

The Board will continue to support investment in skills development to enable our people to adapt to new circumstances as our clients prepare to reopen more sites.

PERFORMANCE: RESILIENCE AND REOPENING

Protecting the Company's balance sheet and liquidity against the effects of the pandemic continued to be a priority. The Board ensured that management maintained prudent controls over the financial management of the Group, whilst positioning the businesses to take advantage of opportunities as they arose.

We have adapted our strategy and operational delivery since the start of the pandemic including actions to reduce MAP costs.

The Board is satisfied that these actions helped to offset the impact of lower volumes and appropriately adjusted the business model to the new trading environment. The Board also took the difficult decision to suspend dividends which now have been reinstated. More details can be found on page 70.

Recognising the importance of working to our strengths, we continue to adopt a strategy where food is our core competence, with some specialised support services.

The pandemic has accelerated new digital and culinary initiatives, and the Board has supported executive management in encouraging the businesses to adopt innovative solutions for our clients.

Risk oversight and mitigation has remained a top priority and, by focusing on controlling the controllable and leveraging the operational capabilities of our businesses and the passion of our people, the Group has started to deliver results.

PURPOSE: A SUSTAINABLE FUTURE

The Group's purpose is first and foremost a social purpose, the foundation of which is a safety culture built around caring for our people, clients and consumers. During the year, our purpose has continued to shape and inform the Group's business model, values and culture and has informed our people and performance strategies.

The pandemic has refocused the interests of stakeholders generally on ESG matters, in particular climate change, and our own stakeholders, including our clients, investors and suppliers, want to know what we are doing to play our part in addressing climate change.

The Board continues to progress the Group's sustainability agenda and the Company has committed to be carbon neutral worldwide in our direct operations by 2030 and to reach climate net zero across our businesses and value chain by 2050.

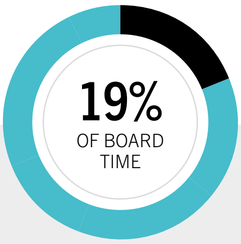
We have worked hard to take into account stakeholder interests in the context of promoting the overall success of the Company and more details of our sustainability agenda, including our approach towards TCFD reporting and to reach our net zero commitments, can be found on pages 40 to 53.

EXPERT ADVICE ON COVID-19

During the year, the Board sought external expert advice from healthcare professionals to gain greater understanding of the spread of the COVID-19 virus and how it was affecting populations worldwide. Details of how the pandemic was developing, areas impacted and the effects of vaccination and other defences were presented to the Board by the Group's Chief Medical Advisor. Insights gained from presentations and reports provided to the Board assisted in shaping Group strategy going forward, our approach to employee welfare, and our systems, controls and initiatives related to operational health and safety.

BOARD ACTIVITIES

In March 2020, due to lockdown restrictions, the COVID-19 pandemic closed 55% of the Group's businesses over a period of two weeks. Although our operations across the world have been gradually reopening, the pandemic continued to have a significant effect on the Company's business operations throughout 2021. During this period, the Board has devoted additional time to the oversight and stewardship of the Company. This has enabled it to deal with the pace and scale of the changes that have been taking place and to adapt its responses accordingly. As 2021 progressed and lockdown measures eased, we started to plan for a post pandemic reality and the resulting challenges and opportunities this might offer the Group.



STRATEGY AND OPERATIONS

Information flow

Group strategy, its development, refinement and operational delivery, is presented to the Board by the Group CEO at each Board meeting.

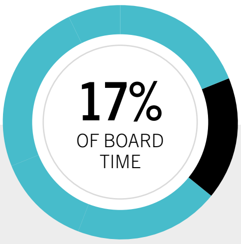
Key activities/decisions

To maximise the potential of the Company during and post the COVID-19 pandemic, the strategy was evolved during the year to deal with the short to medium term challenges facing the Group, and to position the Group over the long term. The Board considered and oversaw the delivery of the strategic initiatives to 'build back stronger' based on our three core value pillars of People, Performance and Purpose, and to 'seize the opportunity' through the following:

- Control the Controllable
- Invest in Growth
- Reopen and Mobilise Safely
- Optimise and Evolve

Seizing the opportunity is discussed in detail on pages 14 to 21 of the Strategic Report. The Board considered and approved increased investments in technological solutions and an increase in the Group's capabilities achieved by strategic acquisitions of technology providers.

The Board is fully supportive of the evolution of the Group strategy and considers it appropriate to promote the future success of the Company.



SAFETY AND SUSTAINABILITY

Information flow

Safety and sustainability strategies and operational performance were presented to the Board at each meeting by the Group CEO and in depth briefings were received through the work of the Corporate Responsibility Committee.

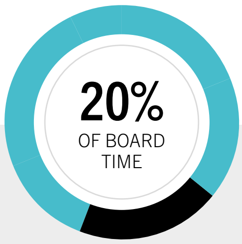
Key activities/decisions

With respect to safety, and with a particular focus on COVID-19, the Board oversaw management initiatives to ensure that appropriate arrangements remained in place to protect employees and consumers. The Board carefully considered the arrangements that were in place for:

- risk mitigation
- operational safety
- reopening of operations

The Group's sustainability strategy remained high on the Board's agenda. The following items were identified as areas of future focus with respect to the sustainability strategy:

- greenhouse gas emissions
- food waste
- responsible sourcing
- net zero commitment
- Science Based Targets
- Task Force on Climate-related Financial Disclosures reporting



FINANCE

Information flow

The Group CFO provides an update on financial performance at each Board meeting, supported by the work of the Audit Committee.

Key activities/decisions

The Board oversaw the presentation and approval of the financial statements of the Group, challenging management as necessary, with the assistance of the Audit Committee, to ensure that the financial statements were fair, balanced and understandable. Following a rigorous process in each case, the Board approved the financial statements of the Group. With respect to the continuing operation of the Group, the Board reviewed:

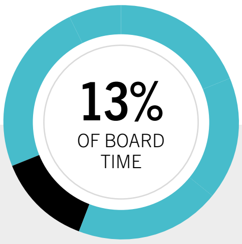
- the budget and three year plan
- COVID-19 related government support
- the dividend policy
- M&A investment
- capex investment
- working capital management

Particular focus was given to the following topics:

- financial performance
- the interim and full year results
- trading updates
- the annual budget
- the dividend
- tax updates
- treasury approvals
- liquidity, viability and going concern review

To help the Board more fully comprehend the effects of the pandemic on the sustainability of the Group, greater emphasis has been given to receiving and considering the business impacts of the pandemic across the Group. As a consequence, the proportion of overall Board time has been weighted more towards strategy, regional and business oversight and finance.

An insight into how the Board allocated its time, the source of information flow, and the matters considered by the Board over the course of the year is set out below. Information regarding the number of Board meetings held can be found on page 94. The Board ensures that all of the Group's stakeholders are considered in the formulation and delivery of Group strategy. Examples of how stakeholders were considered in the Board's principal decisions during the year can found on page 101.



RISK

Information flow

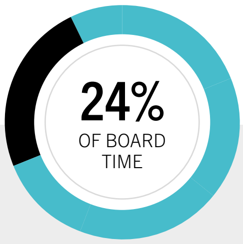
Risks are reported to the Board by the Group Director of Risk and Internal Audit through the biannual major risk assessment process; and to the Audit Committee with respect to controls and processes. Risks are also brought to the attention of the Board through reports from the Group CEO, regional heads of business and functional subject matter experts.

Key activities/decisions

The Board reviewed the major risks facing the Group during the year, with a particular focus on the challenges posed by the COVID-19 pandemic together with the various mitigations put in place to counter those risks. The Group wide risk review exercise was completed at the full and half year, with each country within the Group updating its risk profiles. Critical and high rated risks were reviewed by the regional teams and then by the Group Director of Risk and Internal Audit and the Executive Committee. As identified by the Board in 2020, pandemic risk remains a principal risk and, in recognition of global events and developments, the Board considered and approved the inclusion of two new principal risks for the Group which were disclosed in this year's half year results announcement, namely:

- climate change
- social and ethical standards

» More information on the Group's principal risks can be found on pages 73 to 81.



BUSINESS REVIEWS

Information flow

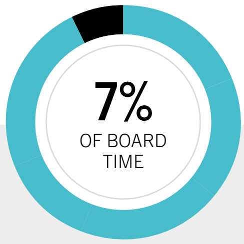
The Board receives a full review of activity, performance, market dynamics and opportunities and risks from regional business heads, supported by country and sector heads as appropriate.

Key activities/decisions

The Board spent a significant amount of time reviewing the activities of the North America, UK & Ireland, Europe and Middle East and LATAM businesses, receiving direct updates from regional management, senior management and sector heads of those regions. Areas of focus included:

- health and safety performance and initiatives
- financial performance
- sector performance reviews and opportunities
- deployment of technology
- people update including succession and talent development, retention, redeployment and, where necessary, rightsizing
- use of government support schemes

Particular focus was given to the recovery of the regional businesses, and specific sector recovery profiles. The Board's chief interest in this respect was to ensure that the businesses were positioned to take advantage of reopening markets, whilst ensuring that the highest standards of health and safety were adhered to, to protect colleagues and customers.



GOVERNANCE AND IR

Information flow

The Board receives reports from the Group General Counsel and Company Secretary on governance and regulatory matters, as well as regular updates and insights on market trends from the Investor Relations function.

Key activities/decisions

The Board took time to oversee engagement with the investor community. The executive directors, the Chairman and the Remuneration Committee chair attended investor briefings where appropriate.

To allow shareholders to participate in the Annual General Meeting, despite social distancing measures, the Board, with the assistance of the Group General Counsel and Company Secretary, arranged for an online meeting where shareholders were able to pose questions directly to the Board in real time.

The Board reviewed governance developments throughout the year, with the assistance of the Corporate Responsibility Committee and the Group General Counsel and Company Secretary, and planned its agenda accordingly to address any changes impacting the Company.

As part of its annual cycle of review, the Board considered and, where applicable, approved changes to the terms of reference of the Board committees, the matters reserved for the Board and a number of the principal policies for the Group.

BOARD OVERSIGHT OF STAKEHOLDER INTERESTS

The Board recognises that understanding the views and interests of the Company's diverse community of stakeholders is important. The views and interests of stakeholders are considered in the development, delivery and oversight of the Group's business model, strategy and culture and, where Board decisions impact stakeholders, management is tasked with ensuring that potential impacts on stakeholders are fully considered and presented to the Board.

The scale and geographic spread of the Group means that although the Board and its directors sometimes engage directly with stakeholders, for the most part engagement takes place at an operational level. Because of this, the Board mainly forms views on stakeholders through reports and information presented to it by management. The ways in which the business engages with the Company's stakeholders are described on pages 28 to 31. The Board keeps these processes under review to ensure that they remain effective so that the Board continues to have the information it needs to understand the views of stakeholders and to apply this knowledge to discussion and decision making.

The table opposite gives an overview of how the views and interests of our stakeholder groups are represented or reported at Board level and are factored into the Board's decision making processes. This should be read in conjunction with the stakeholder engagement table on pages 28 to 31, which describes how the Company engages at an operational level with its stakeholders.

PEOPLE

Colleagues who work in our businesses

How the Board engages and has oversight

People matters are central to the Company's strategy and are included in the Group CEO's review which is presented at every scheduled Board meeting. The Board and its committees have direct access to and receive presentations from the Group Chief People Officer, Group Reward Director and Group Commercial Director.

The Board retains oversight of workforce matters including health and safety, deployment of resource, succession planning and talent development, diversity and inclusion, cultural awareness and reward and retention strategies.

The Board is kept informed of the effectiveness of employee strategies through a range of performance measures and initiatives, including employee engagement surveys.

In May 2021, the Board reappointed Ireena Vittal as the Designated Non-executive director for workforce engagement for a further two years to 30 September 2023. A programme of direct engagement between employees and Mrs Vittal was undertaken during the year. For more information see pages 38 and 39.

CLIENTS

The businesses and organisations for which we provide services around the world

How the Board has oversight

The Board is provided with reviews of business performance from the Regional Managing Directors (RMDs) who give an overview of operations at a regional, country and sector level. In providing this information, the RMDs are supported by their senior leadership and marketing teams, who are able to offer further analysis of the client base within their respective remits.

From these reports and those of the Group CEO and Group Commercial Director, the Board is able to form a view of the interests of the clients of the Group's businesses.

Further examples of how the Board retains oversight of client and consumer matters include its review of the results of the Compass Global Eating at Work survey reported on in 2020, and the Net Promoter Score initiative in the Europe and Middle East region, which measures customer experience, detailed on page 29.

CONSUMERS

The people to whom we serve food and drink and provide support services

How the Board has oversight

The Board receives updates on trends from sector heads including details of opportunities, challenges and developments in consumer food services, such as product innovation and consumer interest in brand responsibility and sustainability.

Understanding what is important to our consumers, responding to evolving consumer trends and changes in consumer behaviour is essential to the success of the businesses.

Management has well established processes and solutions for capturing market information with respect to changes in consumer trends. These are reported to the Board by the executive team, particularly through the Group CEO's reports, and through presentations provided by the regional management teams.

SHAREHOLDERS

Individuals or institutions that own shares in Compass Group PLC

How the Board engages and has oversight

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders. The Group CEO, Group CFO and Head of Investor Relations 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 other advisors. 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.

Although the non-executive directors are not formally required to meet shareholders of the Company, their attendance at presentations of the annual results is encouraged. All of our shareholders are invited to attend our AGM, which provides a forum in which they can put questions to the Board including the Chairs of the committees. It also provides shareholders with an opportunity to meet with directors and other senior executives on a more informal basis.

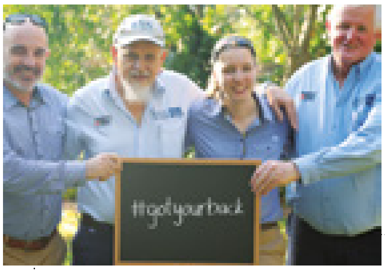
SUPPLIERS

Our trusted partners who source, produce and deliver products and services

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 Commercial Director, the sustainability team and the Group Head of Ethics and Integrity, including work to prevent modern slavery and human trafficking in the Group's businesses and supply chains.

BOARD OVERSIGHT OF STAKEHOLDERS CONTINUED



COMMUNITIES

The people who live in the local communities in which we operate

How the Board has oversight

The Group's sustainability strategy describes how the Group aims to enrich the communities in which it operates and to minimise the impact of its operations on the environment. Compass operates in culturally diverse communities with differing characteristics and needs.

Community engagement is primarily achieved by liaison with local organisations and representatives and through initiatives sensitive to cultural differences.

The Board is kept informed of activity through the Corporate Responsibility Committee, which receives regular reports on corporate responsibility progress across the Group from the Group Commercial Director and the sustainability team, and through presentations given by the regional and the country management teams.

NGOS

Non-governmental organisations which support us with knowledge and expertise on key social, environmental and economic issues

How the Board has oversight

The Board is kept informed about collaborations with non-governmental organisations which support us with knowledge and expertise on key social, environmental and economic issues through reports provided to the Corporate Responsibility Committee.

The Committee receives reports on key areas of focus such as human rights, climate change and farm animal welfare from the Group Commercial Director and the Group sustainability team.

GOVERNMENTS AND REGULATORS

Regional and national government bodies and agencies which implement and enforce applicable laws across our industry

How the Board has oversight

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

CONSIDERATION OF STAKEHOLDER INTERESTS IN DECISION MAKING

COVID-19 caused severe business disruption during the year and significantly impacted all of the Company's stakeholders. In consideration of the business' response, the Board was required to carefully consider the future needs of the Company and the interests of all of its stakeholders. In doing so, the Board aimed to ensure that actions taken to protect the business were proportionate, and treated members of the Company fairly, whilst safeguarding long term stakeholder value.

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

Key decision	
CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY	The Board recognises the seriousness of the implications of climate change for the Group, its stakeholders and the planet, and has taken the decision to make climate change a central part of the Board's deliberations and oversight. During the year, to help the Board further understand the impact of climate change for the Company, its associated risks and mitigations, the directors spent more time focusing on further developing the Group's Corporate Responsibility (CR) strategy. A key part of the development of our CR strategy has been to seek the advice of internal and external experts to gain a greater understanding of the issues involved, the role the Group can play to mitigate the effects of climate change, and the practical initiatives, processes and procedures the Group can adopt to further its strategic CR aims.
COVID-19 RIGHTSIZING ACTIONS	During the year, management continued its actions to control costs, protect the Group's balance sheet and maintain liquidity, taking into account the constraints placed on the Group's ability to generate revenue caused by lockdown restrictions imposed by governments across the globe. Although the Group took advantage of government support initiatives and financing facilities, redeployed staff where possible and implemented a package of other mitigations, a number of redundancies were unfortunately inevitable due to the economic environment in which the Group was operating and continues to operate. The Board has given its full support to management with respect to the package of measures that has been employed to rightsize the businesses, taking into account the impact on the Group's employees. Through updates received from management, the Board is satisfied that actions taken to date are in line with the Group's culture and values, and importantly that redundancies were made with respect and sensitivity, with the aim of mitigating the impact on those employees affected. In its support of the right sizing actions, the Board had regard to the interests of employees and to the needs of the Group's other stakeholders. The Board's decision to support management was based on the Board's responsibility for safeguarding the future success of the Company.
DIVIDEND	In April 2020, the Company announced its decision to suspend dividend payments, which was necessary to prioritise protecting the business from the negative impact of the pandemic. As a result, no dividends were paid to shareholders for the financial year ended 30 September 2020 or the half year to 31 March 2021. The Board is conscious of the importance of the ordinary dividend as an income stream for many of our shareholders and, taking into account the improved outlook and financial position of the Company, the directors decided it was appropriate to pay a final dividend of 14.0 pence per share for the financial year ended 30 September 2021. The decision was based upon the achievement of a net debt to EBITDA ratio of 1.6x by the end of the financial year. From FY22 the policy is to pay out around 50% of underlying earnings through an interim and final dividend. The Board will keep the position under review with a view to ensuring that the current policy remains appropriate and continues to be in the interests of shareholders, with due regard paid to the interests of the Company's other stakeholders.
ONLINE AGM	In view of lockdown measures then in force, to ensure that our shareholders were enfranchised with an opportunity to participate in and ask questions at the Company's Annual General Meeting held in February 2021, the Board made appropriate arrangements to facilitate an online AGM. Furthermore, the Board supported amendments to the Company's articles of association to enable the Company to hold general meetings online, alongside a physical meeting (known as a hybrid meeting). It is the Board's intention to continue to provide facilities for shareholders to follow the AGM to be held in February 2022 online, and, if well subscribed, to continue to offer online facilities in the future.

Key People Performance Purpose

MONITORING CULTURE AND ENGAGING WITH EMPLOYEES

EXAMPLES OF HOW THE BOARD AND ITS COMMITTEES MONITOR CULTURE

THE BOARD

The Group CEO's review is presented to each Board meeting. The review is structured around the Group's three strategic pillars of People, Performance and Purpose, which underpin the Company's culture and performance and provide indicators of the overall health of the Company.

The performance against the Group's health and safety strategy and agreed KPIs are also considered at each meeting, allowing the Board to monitor the effectiveness of the safety culture within the Group. How the Board monitors culture is also considered as part of the annual Board and committee evaluation process.

DIRECTORS

The directors receive feedback from executive management in respect of workforce engagement, which includes feedback from people surveys and informal forums such as townhall meetings.

The Designated NED for workforce engagement engages directly with groups of employees on a range of matters important to the workforce, including cultural matters. Board site visits (which have been curtailed in the pandemic) provide the opportunity for directors to engage with senior management and other colleagues and to hear their views directly.

AUDIT COMMITTEE

The Audit Committee receives regular reports from the Head of Risk and Internal Audit and the Internal Audit function which monitors adherence to the Group's internal controls, policies, procedures and practices and acts as an early warning system for identifying potential threats to the Company's culture, as well as monitoring the implementation and success of remediation plans.

The Committee reviews reports concerning potential fraudulent activity or financial impropriety, and reviews the delivery and effectiveness of the Company's Speak Up, We're Listening arrangements for its workforce, contractors and other stakeholders to raise concerns in confidence. Trends identified through the helpline and web platform can also provide indicators of cultural issues which, once identified, can then be addressed.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee receives reports from Group functions which monitor aspects of the Company's culture as part of their remit, including regular reports from the Group Chief People Officer, which cover oversight of the employee engagement strategy, and analysis of employee feedback received through the global engagement survey and other sources of information. The Group Commercial Director and Group sustainability team provide reports which cover the sustainability matters most important to the businesses and our stakeholders, and progress against our commitments, including those related to climate, human rights and modern slavery.

The Committee monitors ethics and integrity matters, including compliance with the Code of Business Conduct and Code of Ethics and associated employee training statistics, through regular reports from the Group Head of Ethics and Integrity. The Committee also receives reports on matters raised through the Group's Speak Up, We're Listening helpline and web platform that fall within its remit.

NOMINATION COMMITTEE

The Nomination Committee considers the Group's diversity and inclusion strategy, as well as policies and statistics to ensure alignment with the Company's values.

REMUNERATION COMMITTEE

The Remuneration Committee reviews workforce remuneration policies and practices and assesses their alignment with the culture and strategy of the Company. Gender pay gap disclosures are also considered annually to ensure practices are consistent with the Company's values.

PURPOSE AND CULTURE

The Board is responsible for establishing the Company's purpose, values and strategy, and satisfying itself that these and its culture are aligned. In recognition of the Company's strong commitment to corporate responsibility, the Board has determined that the Company's purpose is first and foremost a social purpose, the foundation of which is a safety culture built around caring for our people, our clients and our consumers. Our purpose informs the Company's strategy and business model, which are geared towards capturing opportunities and delivering value to all of our stakeholders.

The Company's purpose shapes and determines the values and behaviours the Board expects and promotes, forming the foundations of the Group's corporate culture. Compass' corporate culture is based upon maintaining high standards of safety, ethical practices and standards. It also encompasses the Group's entrepreneurial and innovative business spirit, and the respect and regard with which we treat our stakeholders. The Board, with support from its committees, monitors the alignment of the Group's culture with our 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
- food safety incident rate
- safety walks and results

People

- results of global employee engagement survey and pulse surveys
- gender pay gap disclosures
- diversity and inclusion statistics

Ethics and integrity

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

Clients and suppliers

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

Sustainability

- greenhouse gas emissions
- waste reduction
- sustainable sourcing

WORKFORCE ENGAGEMENT

The Designated NED for workforce engagement provides a conduit between the Group's workforce and the Board, so that the employee voice is relayed directly to the boardroom. In line with a structured programme of engagement, designed and supported by the Group Chief People Officer, the Designated NED met with a diverse section of employees in the year representing different sectors, countries and cultures from various business regions. In total, six meetings were held in the year and the Group Chief People Officer and the Designated NED for workforce engagement reported back to the Corporate Responsibility Committee regarding the discussions held with employees.

» Read more about the Designated NED engagement with the workforce on pages 38 and 39 of the People Report and on pages 138 and 139 of the Corporate Responsibility Committee Report.

A SAFETY CULTURE BUILT AROUND CARING FOR OUR PEOPLE, OUR CLIENTS AND OUR CONSUMERS

BOARD ADMINISTRATION

BOARD MEETINGS

Although the Board was able to resume physical meetings in the latter part of the year once social distancing and lockdown restrictions were relaxed, overall this year, Board meetings were held through a combination of physical and online attendance.

Each year, the Board aims to hold one or two meetings overseas. By visiting operations, the directors are able to meet with a diverse group of colleagues on a more informal basis, which greatly assists in the succession planning process. These visits provide an opportunity to assess local management performance and potential, to gain further insight into how the business works on a day to day basis and to speak face to face with local management and listen to their views. The format of visits often comprises a macroeconomic overview of the country, its social and political systems, challenges and opportunities, a review of the competitive landscape, and a detailed review of the relevant sectors in which the business operates, its people, and the three year plan. The Board also uses these opportunities to hold townhalls with employees, undertake visits to Group and client sites and to meet with high potential employees and country and regional management teams.

This year, due to travel restrictions imposed by governments to contain the spread of COVID-19, interactions between the Board, local management and employees, and townhalls took place virtually. It is hoped that this will change in the coming year as travel restrictions are eased, allowing the Board to resume its visits to client sites and businesses here in the UK and overseas.

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

Meetings between the Chairman 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 were encouraged by the Chairman and provide the non-executive directors with a forum in which to share experiences and to discuss wider business topics, fostering debate in Board and committee meetings and strengthening working relationships.

INFORMATION AND SUPPORT

Every director has access to the Group General Counsel and Company Secretary, who helps to ensure that Board procedures are followed, and that 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 Chairman ensures that the Board is kept properly informed and is consulted on all matters reserved to it. Board papers and other information are distributed in a timely fashion to allow directors to be properly briefed in advance of meetings.

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

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

TRAINING AND DEVELOPMENT

In accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each director refreshes and updates their individual skills, knowledge and expertise. A formal, comprehensive and tailored induction is given to all directors following their appointment, including access to external training courses, 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.

To assist with continuous training, the Board and its committees receive regular updates from expert external advisors such as the Group's auditors, legal counsel, remuneration advisors and various others, and also from our internal subject matter experts, on a range of topics pertinent to their areas of responsibility. Where a training need is identified by a non-executive director, this is supported by the Company and facilitated through the Group General Counsel and Company Secretary.

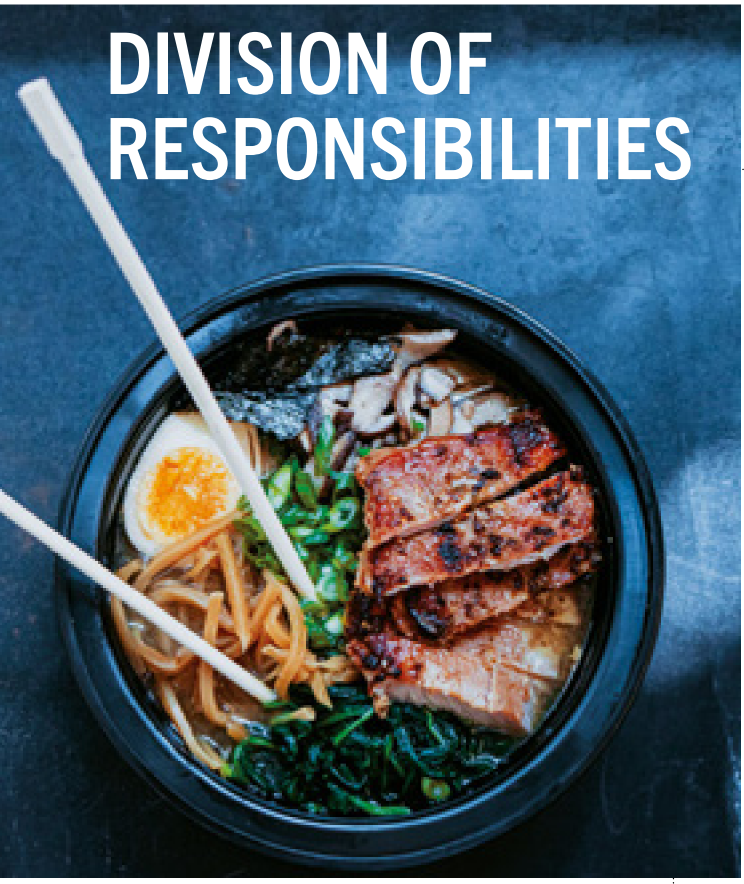
CONFLICTS OF INTEREST

As part of their ongoing development, the executive directors may take on one external non-executive role on a non-competitor board, for which they may retain the remuneration in respect of the appointment. To avoid any conflict of interest, all appointments are subject to Board approval and the Board monitors the extent of directors' other interests and the time commitment required to fulfil those interests to ensure that its effectiveness 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 that he or she owes to the Company to disclose to the Board an interest in any transaction or arrangement under consideration by the Company. The Company's articles of association authorise the directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent directors (i.e. those who have no interest in the matter under consideration) are able to make the relevant decision and, in making the decision, the directors must act in good faith and in a way they consider will be most likely to promote the Company's success. Furthermore, 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 July 2021 Board meeting and also considers any changes on an ad hoc basis throughout the year. Any authorised conflicts are reviewed at least every 15 months.

DIVISION OF RESPONSIBILITIES



THE BOARD LEADS THE GROUP'S GOVERNANCE STRUCTURE

The Board is responsible for the Group's long term objectives and strategy with the aim of generating and preserving value over the long term for shareholders and contributing to wider society. In carrying out its responsibilities, the Board considers opportunities and risks to the future success of the business, the sustainability of the business model and the Group's governance. The Board is responsible for monitoring progress made against strategic objectives, approving proposed actions and for ensuring that the appropriate internal controls are in place and that they are operating effectively. The Board is assisted by four principal committees (Audit, Corporate Responsibility, Nomination and Remuneration), each of which is responsible for reviewing and dealing with matters within its own terms of reference. The Company also has a number of executive management committees (Disclosure, Executive, General Business and Treasury Management). These have been established in order to consider various matters for recommendation to the Board and its principal committees or to deal with day to day matters within the authority granted by the Board. The formal terms of reference for the principal committees, approved by the Board and complying with the Code, are available from the Group General Counsel and Company Secretary and can also be found on our website www.compass-group.com.

THE BOARD

The Board comprises the Chairman, executive directors and non-executive directors, and is responsible for the performance and long term success of the Company, including health and safety, leadership, strategy, values, standards, controls and risk management.

AUDIT COMMITTEE

Responsible for oversight of the Group's financial reporting and the effectiveness of the internal and external audit functions.

CORPORATE RESPONSIBILITY COMMITTEE

Advises the Board on broad CR policy taking into account the overall strategic plan and other factors.

NOMINATION COMMITTEE

Ensures the Board has the necessary balance of skills, experience and diversity to oversee the delivery of strategy.

REMUNERATION COMMITTEE

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

EXECUTIVE COMMITTEE

Responsible for day to day operational management and the implementation of strategy, led by the Group CEO.

DISCLOSURE COMMITTEE

Oversees the disclosure of market sensitive information and other public announcements (as necessary).

GENERAL BUSINESS COMMITTEE

Conducts general business administration on behalf of the Company within clearly defined limits delegated by the Board and subject to the matters reserved to the Board.

TREASURY MANAGEMENT COMMITTEE

Provides oversight of treasury activities in implementing the treasury policies approved by the Board.

ROLES IN THE BOARDROOM

The Board comprises executive and non-executive directors, such that no one individual or small group of individuals dominates the Board's decision making. The non-executive directors are all deemed independent. John Bason has served on the Board for more than nine years from the date of his first appointment, which is identified in the UK Corporate Governance Code as a possible circumstance that could impair a non-executive director's independence. Notwithstanding his length of tenure, the Board has determined that Mr Bason retains the necessary independence of character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect his judgement. Mr Bason will not stand for re-election as a director at the 2022 AGM. The division of responsibilities between the various roles of the Board members is detailed below, demonstrating a clear division between the role of the Board and executive management. The role descriptions of the Chairman, Group CEO and SID are reviewed annually by the Board and are updated as necessary to reflect changes in legislation or best practice, and can be found on our website www.compass-group.com.

NON-EXECUTIVE CHAIRMAN Leads the Board and ensures its overall effectiveness in discharging its duties	• shapes the culture in the boardroom and promotes openness, challenge and debate • sets the agenda for Board meetings, focusing on strategy, performance, value creation, risk management, culture, stakeholders and accountability • chairs meetings ensuring there is timely information flow before meetings and adequate time for discussion and debate • fosters relationships based on trust, mutual respect and open communication inside and outside the boardroom • leads relations with major shareholders in order to understand their views on governance and performance against strategy
INDEPENDENT NON-EXECUTIVE DIRECTORS Ensure that no individual or small group of individuals can dominate the Board's decision making	• independent non-executive directors meeting the independence criteria set out in the Code comprise more than half of Board membership • provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account
DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT Provides an effective engagement mechanism for the Board to understand the views of the workforce	• brings the views and experiences of the workforce into the boardroom • enables the Board to consider the views of the workforce in its discussions and decision making
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR Provides a sounding board for the Chairman and serves as an intermediary for other directors and shareholders	• provides the Chairman with support in the delivery of objectives, where necessary • works closely with the Nomination Committee, leads the process for the evaluation of the Chairman and ensures orderly succession of the Chairman's role • acts as an alternative contact for shareholders, providing a means of raising concerns other than with the Chairman or senior management
GROUP CEO AND EXECUTIVE DIRECTORS Lead the implementation of the Group's strategy set by the Board	• Group CEO is responsible for delivering the strategy and for the overall management of the Group • Group CEO leads the Executive Committee and ensures its effectiveness in managing the overall operations and resources of the Group • executive directors provide information and presentations to the Board and participate in Board discussions regarding Group management, financial and operational matters
GROUP GENERAL COUNSEL AND COMPANY SECRETARY Supports the Chairman and ensures directors have access to the information they need to perform their roles	• provides a channel for Board and committee communications and a link between the Board and management • advises the Board on legal and corporate governance matters and supports the Board in applying the Code and complying with UK listing obligations, and other statutory and regulatory requirements

NOMINATION COMMITTEE REPORT

IAN MEAKINS
Chair of the Nomination Committee

MAIN RESPONSIBILITIES

- leads the process for Board appointments, ensures plans are in place for orderly succession to the Board and senior management positions, and oversees the development of a diverse pipeline for succession
- reviews the structure, size and composition of the Board and its committees, recommending to the Board any new appointees and the reappointment of existing directors and committee members
- ensures there is a balance of skills, knowledge, experience and diversity on the Board
- reviews senior leadership needs to enable the Group to compete effectively in the marketplace
- advises on succession planning for executive directors
- oversees a formal and rigorous annual evaluation of the Board, its committees and directors
- oversees the Company's policy, objectives and strategy on diversity and inclusion

MEMBERSHIP AND ATTENDANCE

Member	Member since	Eligible to attend[1]	Meetings attended
Ian Meakins	Sep 2020	6	6
Carol Arrowsmith	Jun 2014	6	6
John Bason	Jun 2011	6	6
Stefan Bomhard	May 2016	6	6
John Bryant	Sep 2018	6	6
Anne-Francoise Nesmes	Jul 2018	6	6
Nelson Silva	Jul 2015	6	6
Ireena Vittal	Jul 2015	6	6
Paul Walsh[2]	Jan 2014	1	1

1. The number of meetings that a member was eligible to attend.
2. Stepped down from the Board and its committees on 30 November 2020.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Nomination Committee's Report for the financial year ended 30 September 2021.

The Committee leads a formal, rigorous and transparent process for Board appointments and ensures plans are in place for orderly succession to the Board and senior management positions. It keeps the leadership needs of the organisation, both executive and non-executive, under review, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

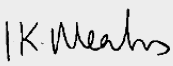
In my first year as Chair of the Committee, we have been focusing on the Committee's top priorities, which this year were:

- succession planning
- diversity and inclusion
- mapping experience, skills and diversity to our strategic aims

These will continue to be our primary focus areas in the coming year.

On 4 October 2021, the Company announced that Karen Witts would step down as Group CFO on 31 October 2021. It was further announced that Palmer Brown had been appointed as an executive director of the Company and Group CFO Designate with effect from 4 October 2021 and would become Group CFO on 1 November 2021. Prior to his appointment, the Committee considered the proposed succession plan and, taking into Mr Brown's skills and experience and time served as interim Group CFO in 2018-2019, concluded that he would be a strong appointment and ideally suited to the Company's next phase of development and growth. As further announced on 25 October 2021, Ms Arlene Isaacs-Lowe and Mr Sundar Raman were appointed as non-executive directors with effect from 1 November 2021 and 1 January 2022 respectively. Details of the selection process can be found on page 113.

As a Group, we are creating a stronger, more agile and sustainable business and are adapting our operations to the 'new normal'. As we move forward, the Nomination Committee will continue to ensure the Board has in place an effective leadership with the skills, experience and diversity to match our strategic aims and ambition. In the pages that follow, we provide an overview of the Committee's activities in the year under review and look ahead to the coming year.



IAN MEAKINS
Chair of the Nomination Committee

23 November 2021

GOVERNANCE

- Ian Meakins has chaired the Committee since December 2020
- the Chair of the Committee reports to the Board on the activity of the Committee and attends the AGM to meet with shareholders and answer any questions on the Committee's activities
- Committee membership comprises the non-executive directors of the Company and the Chairman of the Board. The Committee meets at least twice a year. A quorum for a meeting is three, the majority of which must be independent non-executive directors
- the Chairman of the Board acts as Chair of the Committee, save in respect of matters relating to the appointment of their own successor, when the meetings will be chaired by the SID
- only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Group CEO, the Group Chief People Officer and external advisors may be invited to attend all or part of any meeting, as and when appropriate
- the Committee is authorised to seek outside legal advice 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 updated during the year and can be found on the Company's website www.compass-group.com.

For more information, scan the QR code.

DIVERSITY AND INCLUSION

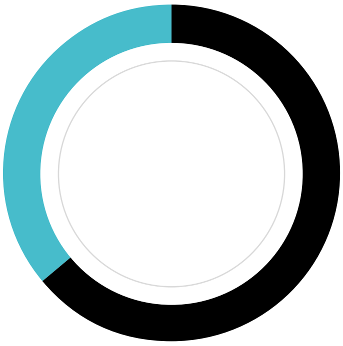
As a Group, we have pledged to continue to progress our diversity and inclusion agenda and we want to honour our commitments to be a truly diverse organisation.

The Group's people and its culture are at the heart of Compass' organisation, supporting the excellence of our operations, passion for service quality and determination to be the best. A diverse and committed workforce has helped us to build the Group, sustained us in recent times and will ensure we are well placed for recovery. It is therefore vital that we continue to identify, develop and promote a diverse pool of talent, which we believe will provide the variety of experience and viewpoints that lead to better decision making.

DEVELOPING A DIVERSE POOL OF TALENT

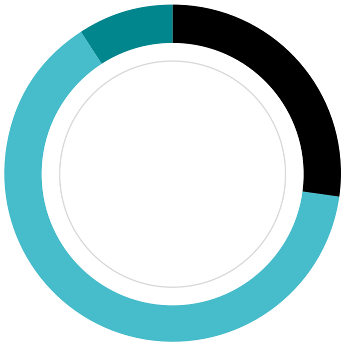
- As a people business, our strength comes from an inclusive and welcoming environment, where we recognise that the experiences and perspectives which make us unique come together in our shared values and vision. We strongly believe that the more the Group's workforce reflects the diversity of our stakeholders (including employees, consumers and the communities we operate in), the better equipped our businesses are to service their needs.
- Diversity of thought, experience and origin leads to increased innovation and creativity, and improved diversity has been shown in recent studies to lead to improved financial performance and to differentiate companies from those that have yet to embrace diversity.
- The Board sets the tone for diversity and inclusion. At Board level, our approach to the appointment of new directors reflects our desire to ensure an appropriate balance of experience and backgrounds on the Board. Great emphasis is placed on ensuring the Board membership embodies diversity in its broadest sense.

BOARD GENDER DIVERSITY*



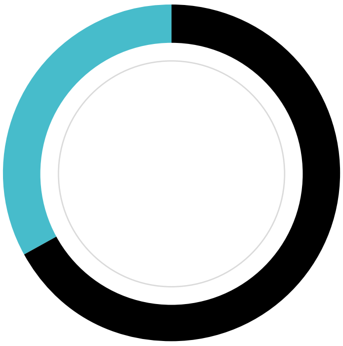
MALE	64%
FEMALE	36%

BOARD BALANCE*



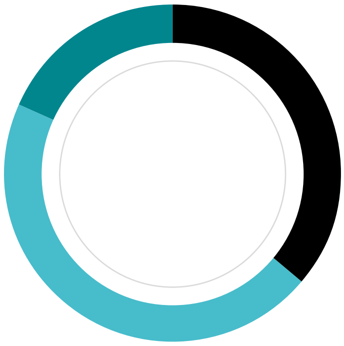
EXECUTIVE DIRECTORS	3
NON-EXECUTIVE DIRECTORS	7
CHAIRMAN	1

EXECUTIVE COMMITTEE GENDER DIVERSITY*



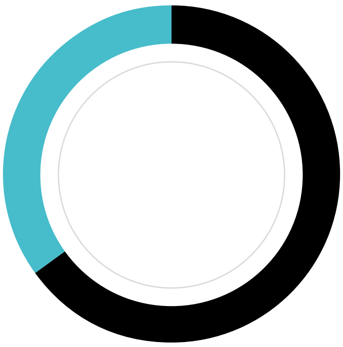
MALE	67%
FEMALE	33%

BOARD TENURE*



0-5 YEARS	4
5-10 YEARS	5
> 10 YEARS	2

DIRECT REPORTS TO EXECUTIVE COMMITTEE*



MALE	65%
FEMALE	35%

* Data shown as at 30 September 2021.

As part of its remit, the Committee reviews the Group's policies on workforce diversity and inclusion, and their objectives and link to the Company's strategy. The Group has always operated open and inclusive hiring and staff management practices. In reviewing the Group's policies, the Committee was satisfied that they supported the development of a more diverse workforce and leadership within the business and were consistent with the Group's inclusive and welcoming culture. More details on workforce diversity can be found on pages 32 to 39.

We have a Board Diversity Policy, which is published on the Company's website www.compass-group.com. As part of the policy, the Board has made a formal commitment to maintaining at least 33% female representation on the Board, in line with the recommendations of the Hampton-Alexander Review. As at 30 September 2021, the percentage of female directors on the Board was 36%. At the date of this Report, the percentage of female representation on the Board is 33% and will remain at this level following the conclusion of the Company's 2022 AGM.

We are committed to creating an inclusive culture which enables all of our people to thrive to ensure we have a diverse pipeline of talent for the future. The Board also supports the aims of the Parker Review to improve ethnic diversity in UK business leadership so that the diversity of our stakeholders (including employees, consumers and the communities in which the Group operates) are better reflected in the boardroom.

The Parker Review, first published in 2017, made a series of recommendations aimed at improving ethnic diversity on FTSE 100 boards. The composition of the Compass' Board meets the Parker Review recommendations and the Nomination Committee will continue its work to maintain a balance on the Board of individuals representing a wide cross section of experience, cultural backgrounds and specialisms.

DIVERSITY OF SKILLS AND EXPERIENCE

Director	CEO Experience	Finance	Strategy & M&A	Remuneration	Health & Safety	HR/People	Operations	Sales & Marketing	Consumer Goods & Retail	Food & Beverage	Art, Culture & Charity	CSR
Ian Meakins	●		●		●		●	●	●	●		
Dominic Blakemore	●	●	●		●		●	●	●	●	●	
Palmer Brown		●	●		●		●	●	●	●		●
Gary Green	●	●	●		●		●	●	●	●		
John Bason		●	●						●	●	●	
Carol Arrowsmith				●		●					●	
Stefan Bomhard	●		●		●		●	●	●	●		
John Bryant	●	●	●	●	●		●	●	●	●		
Arlene Isaacs-Lowe		●	●			●		●				●
Anne-Francoise Nesmes		●	●		●				●	●		
Nelson Silva	●		●		●		●	●			●	●
Ireena Vittal			●	●		●			●	●	●	

At a Group level, we are focused on building excellence in specific areas, and during the year, we committed to three goals in diversity across the Group, with sponsorship from the executive management team.

The Nomination Committee is fully supportive of the Group's D&I ambitions and will continue to monitor progress and endorse executive management's sponsorship.

CONNECTING

We are listening and responding to the experience of employees

ADVANCING

We are building career opportunities for all of our employees

BUILDING

We are taking deliberate steps to attract and include more diverse talent at the front end of the recruitment process

BOARD COMPOSITION, APPOINTMENT AND SUCCESSION PLANNING

The Board's policy is to ensure directors have the knowledge, skills and experience necessary for the Board to meet its primary responsibility of promoting the success of the Company while protecting the interests of shareholders and having regard to the interests of other stakeholders.

Succession planning is an important aspect of the Committee's work. The Nomination Committee ensures that there are plans in place for an orderly succession at Board and senior management level. The Committee also oversees the development of a diverse pipeline of talent.

When assessing future succession planning needs of the Board, the Committee considers and evaluates the skills of its directors to ensure that the Board and its committees are well placed to discharge their duties. The Committee considers whether the experience and expertise of individual directors are aligned to the Group's current and future strategic objectives, and the need for diversity of Board membership to reflect a broad range of backgrounds and views. The time served by the independent non-executive directors on the Board is reviewed regularly to allow the Committee to plan for refreshment of the Board and to maintain a balance of non-executive directors with varying lengths of tenure. From these reviews the Committee determines the desirable skills, experience, qualities and attributes for new appointees to ensure the Board and its committees continue to operate effectively.

BOARD APPOINTMENT PROCESS

The procedures for appointing new directors are set out in the Committee's terms of reference. The process of appointment is led by the Chairman of the Board except where the appointment is for their successor, when it is led by the SID. When appointing a new Chairman of the Board, the process includes an assessment of the time commitment expected, recognising the need for the Chairman to be available in the event of crises.

Before an appointment is made, the Nomination Committee prepares a candidate specification setting out the role and capabilities required. The Board promotes an environment which is supportive of all individuals from diverse backgrounds, and in identifying suitable candidates, the Nomination Committee:

- uses open advertising or the services of external advisors to facilitate the search
- considers candidates from different genders and a wide range of backgrounds
- considers candidates on merit and against objective criteria taking into account the benefits of diversity on the Board
- ensures that appointees have enough time to devote to the position, in light of other significant commitments

The Nomination Committee considers the selection and reappointment of directors carefully before making a recommendation to the Board. Non-executive directors and the Chairman of the Board are generally appointed for an initial period of three years, which may be renewed for a further two terms. Reappointment is not automatic at the end of each three year term.

COMMITTEE ACTIVITY IN DETAIL

The key matters considered and discussed by the Committee during the year are set out below:

2020

NOVEMBER

- Board D&I Policy: annual review
- Group D&I update
- succession planning update – North America
- draft Nomination Committee Report for inclusion in the 2020 Annual Report

2021

MARCH

- reappointment of Nelson Silva and Ireena Vittal

MAY

- NED search update
- Designated NED for workforce engagement – appointment/reappointment
- reappointment of Anne-Francoise Nesmes and John Bryant

JULY

- NED search update

SEPTEMBER

- NED search update
- annual Board and committee evaluation
- succession planning – Executive Committee
- succession of Group CFO
- Group D&I – gender balance
- draft Nomination Committee Report for inclusion in the 2021 Annual Report
- terms of reference: annual review

ALISON YAPP
Group General Counsel and Company Secretary

A CULTURE OF DIVERSITY

Insight from Alison Yapp, Group General Counsel and Company Secretary

Appointment of two new non-executive directors

During the year, the Committee focused on the composition of the Board, the combined capabilities and experience of the existing directors and the appointment of two new non-executives.

Q Who was involved in the recruitment process?

A The selection process was led by the Chairman who was assisted by the Group Chief People Officer and myself as Group General Counsel and Company Secretary. We also used the services of an executive search firm to identify suitable candidates.

Q How did you decide which executive search firm to use?

A We considered the credentials of a number of search consultants. Proposals from each of the prospective firms were presented and assessed against several criteria including the ability to represent the Compass brand, culture and future to prospective candidates. As a result of this assessment, the Committee selected Egon Zehnder to carry out the search as they demonstrated a robust approach to accessing diverse talent pools in the US and Europe. Egon Zehnder 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.

Q How did Egon Zehnder select potential candidates?

A Egon Zehnder undertook detailed discussions with members of the Board in order to seek their views on the desired attributes, experience and qualities for the new non-executive directors. Feedback was also provided to Egon Zehnder in terms of Board dynamics, Company and Board culture and the key strategic challenges facing the Group. This information was used by Egon Zehnder to prepare a position specification for consideration by the Committee which set out the desired attributes, experience and personal style for the successful candidates, and enabled Egon Zehnder to formulate its search strategy. Key competencies were considered to be: an operator who has held an executive level role of scale and global complexity; European and/or US operating experience with an emphasis on B2B and potentially B2C environments; and an interest in and passion for services, front line businesses and the food industry. In order to ensure the best possible chance of attracting a diverse pool of candidates we expanded our initial search to consider individuals who may not have had direct PLC experience, but who had 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.

A detailed search was conducted by Egon Zehnder. Each of the shortlisted candidates was discussed in detail by the Committee and interviews with each candidate were undertaken by Egon Zehnder, following which, feedback was presented to the Committee. Two preferred candidates were selected to meet with the Chairman, the Group CEO, the SID and with other members of the Board.

Q What was the outcome of the search process?

A Following detailed discussions and careful consideration, the Nomination Committee concluded and recommended to the Board that Arlene Isaacs-Lowe and Sundar Raman be appointed to the Board with effect from 1 November 2021 and 1 January 2022 respectively as non-executive directors, which the Board approved.

Each of the new directors was considered to meet the brief that had been set by the Committee very favourably. Ms Isaacs-Lowe brings over 20 years' executive experience in CSR, finance, strategy and sales. Mr Raman brings over 20 years' experience as an executive operating in highly competitive markets and successfully growing global consumer brands.

The Board is delighted to welcome Ms Isaacs-Lowe and Mr Raman to Compass and looks forward to working with them in the coming years.

SENIOR MANAGEMENT SUCCESSION PLANNING

The Committee oversees and promotes 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 the senior regional and country levels within the Group, which 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.

It is important that the Group has a strong pipeline of high calibre individuals to ensure that it continues to have an effective leadership with the skills, experience and diversity to match the Company's future strategic aims and ambitions.

During the year, the Committee reviewed the succession plans for senior management with the Group Chief People Officer, recognising the importance of culture in the context of the evolution of the Company's People, Performance, Purpose strategy. The succession plans for Executive Committee members were discussed as well as those for the senior leadership team in the Group's North American business, including the pipeline of female talent.

CINDY NOBLE
Chief People Officer, North America

NORTH AMERICA – OUR TALENT, OUR FUTURE

Insight from Cindy Noble, Chief People Officer, North America

Q To what do you attribute the success of your leadership succession programme?

A As a business, we are absolutely focused on preserving our unique value proposition by having the best people who understand the needs of our clients across all of our sectors and we have worked diligently to attract, develop and retain our talent by:

- developing strong internal successors
- diversifying financial, functional and operational leaders' experiences
- building proactive relations with key external candidates
- leveraging our international network – both inside and outside the organisation
- attracting, onboarding and assimilating key external hires into roles that enable them to learn the business and acclimatise to our culture before stepping into larger/expanded roles
- keeping diversity top of mind to ensure that our leadership represents our communities and employee base

We are proud of what we have achieved to date and we continue to advance our ambitions at all levels.

INDUCTION OF NEW DIRECTORS

When a new Board member joins Compass they receive a formal, comprehensive and tailored induction designed to suit their individual needs and their role. The induction programme includes activities and meetings with key internal and external personnel, technical briefings and site visits, which are effective ways of introducing the Group's culture and ensuring the director has the information and support they need to understand the business and to enable them to be effective in their role.

Ms Arlene Isaacs-Lowe joined the Board on 1 November 2021 and Mr Sundar Raman will join on 1 January 2022. Induction programmes have been drawn up for both new directors. The programmes will include meetings with senior management across the businesses and functional leaders to help them gain an insight into how the business works on a day to day basis and to understand its strategic priorities, culture, values and people. Palmer Brown was appointed to the Board in October 2021. Mr Brown already has over 20 years' experience of working at Compass and is familiar with the Group and its operations. An induction programme designed to meet Mr Brown's specific needs was undertaken which included, amongst other matters, training on directors' duties and the UK corporate governance environment. Mr Brown, Ms Isaacs-Lowe and Mr Raman will stand for election at the forthcoming AGM.

IREENA VITTAL

NELSON SILVA

JOHN BRYANT

ANNE-FRANCOISE NESMES

NON-EXECUTIVE DIRECTOR TENURES AND ROLES

Mrs Vittal and Mr Silva completed their second, and Ms Nesmes and Mr Bryant completed their first, three year term in office during the year. In deciding whether it was in the best interests of the Company to renew their terms for a further three years, the Committee took into account the balance of perspectives, skills, experience and expertise needed on the Board to help the Company achieve its strategic aims; the performance of each of the directors during the year; and their ability to devote sufficient time to their responsibilities at Compass.

Factors which influenced the Committee's decision to reappoint each of the directors for a further three years

- **Mrs Vittal's** natural and enthusiastic approach to her role as Designated NED for workforce engagement is generating useful and authentic feedback to the Board on employee views. The response from employees who have participated in the engagement programme has been overwhelmingly positive. The Board considers that debate is enhanced by Mrs Vittal's contribution based on her experience of various markets and organisations. The results of the 2021 Board and committee evaluation process rated Mrs Vittal positively for both her role as a NED and her contribution as Designated NED for workforce engagement.
- **Mr Silva** has extensive experience in health and safety matters, primarily gained in the oil and gas and mining industries. He has demonstrated his commitment to environmental, social and governance development in his role as Chair of the Corporate Responsibility Committee by taking a proactive approach to the Committee's oversight of ESG matters and TCFD reporting. The results of the 2021 Board and committee evaluation process rated Mr Silva positively for both his leadership of the Corporate Responsibility Committee and as a NED.
- **Mr Bryant's** extensive experience in leadership, management and operations in North America, together with his knowledge and insights of North American markets and consumer behaviour, are highly valued by the Board, as over half the Group's revenues are generated by its North American business. Mr Bryant's contribution as SID is also appreciated by both the Chairman of the Board and fellow NEDs and this is reflected in the outcome of this year's Board and committee evaluation process which rated him positively in both roles.
- **Ms Nesmes** has successfully transitioned to the role of Chair of the Audit Committee. She has used her wealth of experience in finance and accounting to ensure stability and continuity of leadership on the Audit Committee and to support the financial focus of the Board during a challenging year. The results of the 2021 annual evaluation process rated Ms Nesmes positively in her roles as Audit Committee Chair and NED.

Outcome

Taking into account the above and their attendance records at Board and Committee meetings during the year, the Committee recommended the reappointment of each of the directors for a further term of three years, which was approved by the Board. Mrs Vittal, Mr Silva, Ms Nesmes and Mr Bryant will be standing for re-election at the forthcoming AGM.

TIME COMMITMENT AND TRAINING AND DEVELOPMENT

In line with its terms of reference (which were reviewed during the year), the Committee performed an annual review of the time required from the Chairman of the Board, SID and non-executive directors to perform their duties. As part of this process, the Committee reflected on the directors' attendance at scheduled meetings and their availability at other times during the year. In the year under review, directors were available, often at short notice and outside regular working hours, to discuss matters that required a prompt decision; for example, the consideration and oversight of the various strategies employed during the year to mitigate the impact of the COVID-19 pandemic upon the business.

In consultation with the Chairman, the Committee also considered the training that had been received by directors in the year, including technical updates from the Group General Counsel and Company Secretary and other in house and external subject matter experts and advisors. They also considered future training needs that had been identified to help promote a deeper understanding of the businesses, technical, statutory or regulatory developments.

In recognition of the Group's ambitions to advance its D&I agenda and to help further develop the Board's understanding of the benefits of a diverse and inclusive culture, the Board participated in an experiential and immersive exercise hosted by The Human Library, a not for profit organisation which facilitates open conversations with diverse individuals in a safe environment.

The event focused on inclusive leadership and was designed to take participants outside their comfort zone and to challenge and provoke debate on D&I by giving the Board an opportunity to interact with individuals known as 'Human Books' who were prepared to share their own lived experiences. The Human Books are volunteers and are drawn from groups in society that are subject to prejudice, stigma and disadvantage or discrimination because of their diagnosis, beliefs, social status, ethnic origin, gender or sexuality.

D&I will continue to form part of the training programme for the directors and will remain on the Committee agenda going forward.

Further Board training sessions included briefings from Dr Paul Litchfield, the Chief Medical Advisor, on the subject of COVID-19 response initiatives, and a presentation from an external expert on ESG matters (with a particular focus on environmental and climate related trends) including trends in investor interests as a result of the COVID-19 pandemic.

BOARD AND COMMITTEE EVALUATION

The Chairman of the Board is responsible, with assistance from the Nomination Committee, for ensuring that the Company has an effective Board with an appropriate range of skills, expertise and experience. Every year, a performance evaluation of the Board and its committees is carried out to ensure that they continue to be effective, that each of the directors demonstrates commitment to their role and has sufficient time to carry out their duties effectively.

The Committee reviews the results of the evaluation process and makes recommendations to the Board in relation to outcomes and further actions.

In May 2019, an independent formal external evaluation was conducted in line with the triennial external requirement set out in the Code. Lintstock Limited (Lintstock), which is independent of, and has no other links with the Company or its directors, was selected to conduct the evaluation. A key consideration in the appointment of Lintstock was its ability to support the ongoing facilitation of the evaluation process in the two years before the next triennial external evaluation, assisting the Board to achieve its development objectives over the longer term. This year's evaluation process is described in the pages which follow.

EVALUATION OF THE BOARD

2020 REVIEW PROCESS

As a result of the 2020 evaluation, the following priorities for change were identified to help improve the performance and effectiveness of the Board:

Priorities for ensuring the successful transition to the new Chairman	How they were addressed by the Board during the 2020-2021 financial year
Receiving an effective induction into the Group and its operations	As reported in our 2020 Annual Report, the Chairman received a full induction into the Group and its operations. This included in depth briefings on the Group's governance arrangements and support functions, as well as meetings with senior leadership from operations across the Group.
Building strong relationships with the Group CEO and management team	Over the year, the Chairman has formed strong working relationships with executive management, which have stood the Board in good stead for meeting the challenging conditions faced during the pandemic.
Engaging with shareholders	The Company has an established, proactive investor relations programme (details of which can be found on page 30). The Chairman has engaged with the Company's major shareholders and continues to be available for meetings on request.
Maintaining an open and collaborative Board culture	The results of the 2021 Board evaluation determined that Board dynamics remained strong, with an open and collaborative culture, fostering debate and challenge to support sound decision making.

Key priorities for the Board	How they were addressed by the Board during the 2020-2021 financial year
Ensuring financial recovery and adapting to the changing environment in light of the COVID-19 pandemic	The Board's focus during the year was oversight of the strategy for the Group's financial recovery to stabilise and rebuild margin, ensure profitability and return to long term growth. The evolution of the strategy and its effects are discussed in the strategic report.
Talent retention	The pandemic had a profound impact on our workforce and talent retention was a priority for the Group throughout the year. The activities of the talent retention initiatives were overseen by the Board, with assistance from the Remuneration Committee to ensure that appropriate remuneration and incentive structures were in place across the Group, and also through the work of the Nomination Committee to maintain appropriate processes to support the Group's succession plans.
Succession planning	Ensuring appropriate succession planning arrangements are in place is delegated to the Nomination Committee, which progressed the Company's planning for Board and senior management succession and oversight of talent within the Group.

2021 BOARD EVALUATION

The Chairman and the Group General Counsel and Company Secretary agreed the timing, scope and nature of the review, including the key themes for exploration and the approach that would be adopted. The key themes agreed were:

- Board composition
- stakeholder oversight
- Board dynamics
- management of meetings
- Board support
- strategic oversight
- risk management and internal control
- succession planning and people management
- priorities for change

The evaluation comprised a series of online questionnaires for the Board and each of its principal committees for completion by the Board and committee members and the Group General Counsel and Company Secretary, together with an individual performance review for each director and a separate review of the Chairman's performance. Based on the agreed themes, the questionnaires were designed to encourage thought provoking and candid responses.

Lintstock prepared reports summarising the key findings. The reports on the Board and its committees were initially reviewed by the Chairman and Group General Counsel and Company Secretary and were then shared with the rest of the Board prior to being presented to the Nomination Committee for discussion. The SID discussed the evaluation of the Chairman of the Board with the Chairman, after which this was also circulated to the Board.

FINDINGS OF BOARD EVALUATION

Board composition

The composition of the Board was rated highly, and it was recognised that the range of skills on the Board was appropriate and had enabled it to effectively address the challenges during the year.

A number of suggestions were made regarding desirable attributes of future potential candidates. These included scope to improve the technological skills on the Board, geographic representation, and diversity. There was also consideration of whether additional skills in ESG matters were required.

The process for onboarding the new Chairman of the Board was positively rated and considered particularly robust, given the challenges in the current environment. Over the coming year, it was recognised that the Chairman would benefit from increased opportunities to visit the Group's businesses as travel restrictions ease.

Stakeholder oversight

The Board's understanding of the views and requirements of various stakeholder groups was rated positively overall.

The evaluation identified that there was scope to further develop the Board's understanding of supplier relationships, particularly in light of the Group's ESG ambitions. A further area identified for additional focus was understanding of non-governmental organisation stakeholder interests.

Board dynamics

The dynamic between the non-executive directors and senior management in providing effective support and constructive challenge was rated highly overall and the boardroom atmosphere was considered positive and constructive. It was felt that the Board had responded well to the increased demands of the difficult trading environment.

Management and focus of meetings

The management of Board meetings was highly rated overall.

The Board identified that hybrid meetings, which comprised a mixture of attendees both physically present and those attending virtually, posed challenges compared to those which are entirely virtual or had full physical participation.

The Board's review of the effectiveness of past decisions and capturing of lessons or actions required was positively rated, and some improvement in this area was noted, in comparison to the 2020 evaluation.

Board support

The content of Board papers was rated highly, although there remained an opportunity to increase efficiencies through improving the focus of presentations to the Board.

Strategic oversight

The evolution of strategy in response to the pandemic was very highly rated, as was the Board's oversight of the Group's financial position and ongoing viability.

The Board's effectiveness in overseeing technical opportunities and threats facing the organisation was rated positively, as was its effectiveness in monitoring developments in the markets in which the Group operates.

The extent to which ESG factors are incorporated into the Board's discussions and decisions was also positively rated, but a few respondents felt that there was scope to further improve the Board's understanding of ESG factors.

Risk management and internal control

The effectiveness of the Board's oversight of risk management was rated highly, and it was acknowledged that the quality of the Board's discussion on risks had improved.

It was noted that the increased focus on risk appetite would assist in guiding decision making and investment opportunities going forward.

It was recognised that changes to the way in which the Board considers risk, including appetite, identification, mitigation and horizon scanning – would continue to evolve.

Succession planning and people management

The Board's oversight of succession plans for the Group Chief Operating Officer, North America was highly rated.

Ensuring a diverse pipeline of talent was recognised as an ongoing objective for the Board and the Group as a whole. The Board's oversight of the Group's processes for developing and retaining talent was positively rated overall.

Priorities for change

The following Board priorities were identified from the 2021 evaluation:

- increasing Board engagement and further developing relationships, particularly with the Group CEO and executive directors, and through regular meetings between the Chairman of the Board and the non-executive directors outside the Board meeting cycle
- supporting the executive team to recover to pre-COVID performance
- continuing to focus on technology developments and their acceleration
- developing and agreeing the Group's ESG agenda and commitments and further developing the understanding of suppliers as a stakeholder group
- continuing to monitor and review succession planning
- promoting further diversity in the talent pipeline

The priorities identified in this year's review and how they have been addressed will be reported in the 2022 Annual Report and Accounts.

EVALUATION OF THE AUDIT COMMITTEE

The following priorities were identified in last year's review as being areas of focus for the Audit Committee:

Priorities	How they were addressed by the Committee during the 2020-2021 financial year
Managing the transition of the role of the Audit Committee Chair to maintain the Committee's overall performance	Ms Nesmes served as a member of the Audit Committee for two years before she succeeded John Bason as Chair. Ms Nesmes received support from the Group General Counsel and Company Secretary, the outgoing Audit Committee Chair, the Senior Statutory Audit Partner and the Group Director of Risk and Internal Audit in preparation for her role as Chair of the Committee. The Committee members also supported the Chair in her new role, providing advice and guidance as required, ensuring a successful transition and the continued high performance of the Committee.
Supporting the new Group Director of Risk and Internal Audit in delivering the internal audit and risk management plans	The Committee received reports from the newly appointed Group Director of Risk and Internal Audit reviewing and prioritising the internal audit and risk management plans. Terms of reference for the Internal Audit function setting out its purpose, role, scope of activities, its independence and authority were approved by the Audit Committee during the year.
Building on existing relationships with the external auditor, as a key element to ensuring that a high level of transparency is maintained	The Committee strengthened its relationship with the external audit team, holding regular briefings with the Senior Statutory Audit Partner, Mr Zulfikar Kamran Walji, on matters of importance to the external auditor and to the Company without the presence of management. The Committee believes that a strong working relationship, based on open and honest challenge and debate, will continue to assist in maintaining the high levels of audit quality that the Company has experienced to date.
Continuing to focus on key areas: financial reporting, ensuring the robustness of the control framework, the evaluation and management of risk, and risk mitigation plans	Throughout the year, the Committee remained focused on the financial statements of the Company, with particular emphasis on supplier rebates, goodwill and impairment and restructuring charges. The Chair ensured that appropriate Committee time was dedicated to risk analysis, monitoring, mitigation and management, and that future changes in the governance environment were considered.
Continuing to undertake deep dives into specific areas (such as cyber risk and data privacy)	The Committee continued to monitor and review the Group's cyber security and data privacy controls, recognising the increased risk of cyber fraud and data theft during the pandemic. The Committee maintained its oversight through receiving regular briefings by subject matter experts throughout the year.

2021 EVALUATION

This year's evaluation of the Audit Committee concluded that the performance of the Committee continued to be rated highly. The composition of the Committee and its attendees were rated excellent. The management of the Committee was also rated very highly overall, with the transition of the Chair role being successfully achieved.

The relationships and communications between the Audit Committee, the Group Director of Risk and Internal Audit and Senior Statutory Audit Partner were considered to be particularly strong. The Committee's assessment and oversight of the work of the external auditor and the quality of the Group's financial reporting were also highly rated.

It was noted that the Internal Audit function had been strengthened and would continue to develop as the function matured.

GOING FORWARD

The following priorities were identified for the Committee from the 2021 evaluation:

- continuing to allocate time to reviewing controls based on risk
- continuing to focus more time on high impact risks (e.g. cyber security and ESG matters)
- maintaining time management and ensuring sufficient time is allowed for discussion of key topics
- considering deep dive topics to be covered in the year ahead
- considering training topics for 2022, including TCFD reporting and audit and corporate governance reforms

EVALUATION OF THE CORPORATE RESPONSIBILITY COMMITTEE

The following priorities were identified in last year's review as being areas of focus for the Corporate Responsibility Committee:

Priorities	How they were addressed by the Committee during the 2020-2021 financial year
Spending more time on how the ESG agenda drives investor choices	The Committee was updated on the results of a shareholder survey that had been commissioned by the Company to help understand the views of some of the Company's largest shareholders on ESG matters. The findings of the survey indicated that ESG matters are becoming increasingly important to our investors, with a primary focus on the governance qualities of the Company but also with increased interest in the social aspects of ESG (such as health and safety, labour management, income inequality and climate change), particularly in light of the effects of the pandemic.
Selecting relevant deep dive topics to be presented by business leaders, as appropriate	During the year, the Committee focused on the Group's response to the COVID-19 pandemic. This included briefings on the impact the pandemic was having on our employees' physical and mental health and wellbeing and their safety, and the initiatives and tools being used to promote mental and physical wellbeing across the Group.
Continuing to prioritise and focus the sustainability and ESG agendas	The Committee continued to prioritise and focus the sustainability and ESG agendas. Priorities for the year included continuous oversight and development of the health and safety strategy and arrangements with respect to COVID-19 and, as a matter of increasing importance, the Company's strategies, response and commitments with respect to climate change.
Continuing oversight of the effectiveness of the People strategy and receipt of feedback to measure employee engagement and morale	The Committee continued its oversight of the effectiveness of the People strategy and received regular reports from the Group Chief People Officer with respect to the employee engagement programme, pulse survey results and employee morale.
Continuing oversight of the ongoing development of wider stakeholder engagement initiatives	Oversight of stakeholder interests remained at the heart of the Committee's remit. Developments in stakeholder engagement initiatives were maintained through the regular reports of senior management. Review and analysis of the Group's various stakeholder engagement initiatives continued to form a key part of the Committee's work in 2021.

2021 EVALUATION

This year's evaluation of the Corporate Responsibility Committee concluded that the performance of the Committee continued to be rated highly, having improved or maintained its performance over the prior year in the majority of areas evaluated. The effectiveness of the Chair received a positive rating.

The evaluation recognised the wide remit of the Committee. The Committee held three meetings in the year; it was acknowledged that there was scope to increase the time spent on meetings and that further refining of the annual work cycle would support the performance of the Committee.

GOING FORWARD

The following priorities were identified for the Committee from the 2021 evaluation for the coming year:

- reviewing the Committee's forward agenda and ensuring it remains relevant and focused on the significant issues
- focusing on ESG matters and reviewing the ESG strategy and performance over the year
- maintaining training in areas such as TCFD reporting

EVALUATION OF THE NOMINATION COMMITTEE

The following priorities were identified in last year's review as being areas of focus for the Nomination Committee:

Priorities	How they were addressed by the Committee during the 2020-2021 financial year
Improving the effectiveness of succession plans for senior leadership and the Board	Succession planning for Board and senior leadership roles was considered, together with the future leadership needs of the Group. Leadership changes provided an opportunity for the Group's businesses to revitalise their succession plans, including a greater commitment to the D&I agenda, and ensuring talent was appropriately refreshed.
Developing a diverse pipeline for succession, with an emphasis on North America	The Committee oversaw the strategies to develop a diverse succession pipeline for leadership positions within the Group. An in depth review of the senior leadership in the North American business was conducted, which identified a robust and diverse internal and external pipeline of talent, the key external hires and movements within the region, and strong succession planning across the US business sectors.
Continued oversight of the Group's D&I agenda	During the year, the Committee continued to oversee the Group's D&I agenda, which is at the heart of our ambition to create a place where all of our people can thrive and feel safe, valued and included. The D&I initiatives supported by the Committee and adopted by companies within the Group are described in greater detail on pages 32 to 39.

2021 EVALUATION

This year's evaluation of the Nomination Committee concluded that the composition and management of the Committee continued to be appropriate and were rated highly. The remit of the Nomination Committee had increased and it had remained well supported with respect to information flow. It was noted that further refining of the annual work cycle would support the performance of the Committee.

Succession planning for Board membership, and the range of skills and experience on the Board were rated positively. The Committee's commitment to ensuring a diverse pipeline for Board and leadership positions was also positively rated, and it was noted that significant work was being done to promote the D&I agenda across the Group.

GOING FORWARD

The following priorities were identified for the Committee from the 2021 evaluation for the coming year:

- continuing the development of succession planning for Board and senior management in both the short and longer term
- continuing to focus on D&I to ensure a diverse pipeline of talent

EVALUATION OF THE REMUNERATION COMMITTEE

The following priorities were identified in last year's review as being areas of focus for the Remuneration Committee:

Priorities	How they were addressed by the Committee during the 2020-2021 financial year
Developing our leaders	The Committee has worked hard to balance the interests of the Company in ensuring that management are appropriately incentivised to support the future success of the Company, while taking into consideration the expectations and requirements of the Company's shareholders and other stakeholder groups. The Committee believes that this is appropriately reflected in the work it has undertaken and the decisions made by the Remuneration Committee over the course of the year.
Stakeholder oversight	Careful consideration continued to be given to the application of the various performance metrics used to support executive pay over the course of the year. The Committee keeps such performance measures under review to ensure that they remain appropriate, are stretching and support the Group's strategic aims.

2021 EVALUATION

The evaluation of the Remuneration Committee found that the composition and management of the Committee continued to be rated highly and, under the guidance of the Committee Chair, had met the complexities in the remuneration environment presented by COVID-19 during the year.

The Committee was considered to be well supported with respect to information flow and with advice provided by internal and external advisors.

The effectiveness of the Remuneration Committee Chair was rated highly overall, with the evaluation recognising a strong performance from the Chair over a challenging year.

GOING FORWARD

The following priorities were identified for the Committee from the 2021 evaluation for the coming year:

- continuing to monitor the fast changing environment, as influenced by the pandemic
- maintaining positive engagement with shareholders
- continuing to ensure an emphasis on pay for performance
- considering ESG measures for future incentives

AUDIT COMMITTEE REPORT

ANNE-FRANCOISE NESMES
Chair of the Audit Committee

MAIN RESPONSIBILITIES

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

MEMBERSHIP AND ATTENDANCE

Member	Member since	Eligible to attend[1]	Meetings attended
John Bason[2]	Jun 2011	1	1
Anne-Francoise Nesmes[3]	Jul 2018	3	3
Carol Arrowsmith	Jun 2014	3	3
Stefan Bomhard	May 2016	3	3
John Bryant	Sep 2018	3	3
Nelson Silva	Jul 2015	3	3
Ireena Vittal	Jul 2015	3	3

1. The number of meetings a member was eligible to attend.
2. Stepped down as Chair and as a member of the Committee at the conclusion of the 2021 AGM. Eligible to attend one meeting as a member of the Committee. Was also invited to attend meetings at the invitation of the Committee.
3. Appointed as Chair of the Committee at the conclusion of the 2021 AGM.

Membership and performance of the Committee is reviewed and assessed annually as part of the Board and committee evaluation process. See page 120 for more detail of the outcome of this year's evaluation.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Audit Committee's Report for the financial year ended 30 September 2021.

This is my first year as Chair of the Audit Committee. I would like to thank John Bason, who stepped down as Chair of the Committee at the conclusion of the 2021 AGM, for his guidance and insights which have been invaluable, and my Committee colleagues for their support.

The Group's businesses have continued to work through the challenges arising from COVID-19. The Group's operations and financial arrangements were all impacted as a result of the pandemic and consequently, the Committee's focus has been on ensuring our internal control processes continue to operate effectively and remain appropriate for the changing environment in which the Group operates. This has been reflected in the Committee's agendas throughout the year.

A vital aspect of the Committee's work is to provide independent scrutiny and challenge to ensure that the Annual Report and financial statements provide a true and fair view of the Company's performance, focusing on the accuracy, integrity and communication of our financial reporting. In what has been another challenging year, effective oversight of our finances, controls and risk management has been more important than ever before.

In discharging its responsibilities in the year, the Committee reviewed the significant accounting policies, any changes to those policies and any significant estimates and judgements applied to the financial statements. The key areas in reporting considered as requiring estimation and judgement from management included the carrying value of goodwill, post employment benefits, tax and recoverability of contract related non-current assets. Given the financial mitigations and contingencies employed by the Group in the prior year, the Committee considered that only limited estimation was required with respect to the Company's going concern and viability disclosures. In line with the prior year, the Company incurred rightsizing costs as the Group responded to the impact of COVID-19. The Committee evaluated the clarity and completeness of the disclosures to ensure they were supported by the underlying detail, and was satisfied that management had taken an appropriately prudent approach in each case.

In the context of its oversight of financial reporting, the Committee also considered the guidance and reporting recommendations issued by regulators to ensure that their recommendations were appropriately applied. The Committee has concluded that the Company has adopted an appropriate approach in all significant areas.

At the request of the Board, the Committee considered the Group's Principal Risk disclosures for the financial year ended 30 September 2021. These have been updated to include climate change related risks and those associated with maintaining high social and ethical standards in our operations, underlining the importance of these matters to the Group. The Committee is satisfied that the statements made by executive management on pages 73 to 81 of the Principal Risks section of this Annual Report are appropriate based on what is currently known to management as at the date of this Report.

The Committee has continued its oversight of the IT controls framework and infrastructure and the provisions in place to defend against cyber attacks, which are becoming increasingly sophisticated. It also considered the work being undertaken by the businesses to ensure compliance with GDPR and other data protection regulations.

The Committee's work was supported by the Group's well established risk and financial management structures, which have continued to operate effectively during the year under review. The Committee has continued to be greatly assisted by the dedication, energy and experience of its members, the executive management team and the internal and external audit teams. This has enabled the Committee to fulfil its role in providing effective scrutiny and challenge.

The performance of the Audit Committee is evaluated each year. I am pleased to report that the performance of the Committee this year was rated highly overall, but of course there is always room for improvement and details of the outcome of this year's performance review together with the priorities for change to help the Committee improve its performance in the coming year can be found on page 120 of the Nomination Committee Report.

We have been monitoring developments in the UK's audit environment, including the reforms proposed by the Department for Business, Energy & Industrial Strategy following its consultation on the formation of a new regulator, the Audit Reporting and Governance Authority (ARGA), which is expected to be in operation from April 2023. The Committee will ensure that the Company is compliant with any new regulations when they come into force.

In the pages that follow, we have sought to provide shareholders and other stakeholders with details of the work that was undertaken by the Committee during the year. This has enabled the Committee to provide assurance to the Board on the effectiveness of the internal controls framework and the integrity of the Company's 2021 Annual Report and financial statements.

The Committee will continue to focus on the impact of COVID-19 on the business, developments in reporting responsibilities including those recommended by the Task Force on Climate-related Financial Disclosures (TCFD), the security of our digital and technology estate and changes in the governance environment, particularly those related to changes in the audit regime. I firmly believe that the Audit Committee's membership is appropriately skilled and committed to meeting the challenges of the year ahead.

ANNE-FRANCOISE NESMES
Chair of the Audit Committee

23 November 2021

GOVERNANCE

- Anne-Francoise Nesmes has chaired the Committee since February 2021. She is the serving Group CFO of Smith+Nephew PLC, is a management accountant and is considered by the Board to have recent and relevant financial experience and to be competent in auditing and accounting
- the Chair of the Committee reports to the Board on Committee activities and engages regularly with key individuals involved with the Company's governance, including the Group CEO, Group CFO, the Group General Counsel and Company Secretary, the Group Director of Risk and Internal Audit and the external Senior Statutory Audit Partner, and attends the AGM to respond to any shareholder questions on the Committee's activities
- the Committee's agenda is closely linked to events in the Company's financial calendar
- the Chairman, the Group CEO, Group CFO, Group Corporate Finance Director, Head of Group Reporting and the Group Director of Risk and Internal Audit, together with senior representatives of the external auditor, also attended meetings by invitation during the year. 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 without executive management and other invitees being present
- the Committee is authorised to seek external legal advice and independent professional advice as it sees fit
- appointments to the Committee are made by the Board following recommendation by the Nomination Committee. Members of the Committee are required to have a broad range of financial and commercial experience to enable the Committee to undertake its duties effectively
- each member has an appropriate balance of senior level 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 members of the Committee are summarised on pages 89 to 91. The Board considers each member of the Committee to be independent within the definition set out in the Code and capable of assessing the work of management, the assurances provided by the Internal Audit function and the external auditor, and the effectiveness of the internal controls framework

The terms of reference of the Audit Committee are reviewed annually to ensure that they continue to be fit for purpose. They were updated during the year and can be found on the Company's website www.compass-group.com.

For more information scan the QR code.

AREAS OF FOCUS OVER THE YEAR

The Committee is responsible for considering the significant areas of complexity, management judgement and estimation in relation to the financial statements. The table below describes how the Audit Committee has gained assurance that these have been appropriately addressed.

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 recoverability of the carrying value of goodwill involves the use of assumptions, including operating cash flow forecasts (revenue and operating margins), growth rates and discount rates. The Committee reviewed the key assumptions used to assess the recoverability of goodwill, including the impact of COVID-19, 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.
POST EMPLOYMENT BENEFITS The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19 'Employee Benefits'. The present value of the defined benefit liabilities is based on assumptions determined following independent actuarial advice.	The Committee considered management's valuation of the liabilities of the Group's post employment benefit schemes, which is based on advice taken from independent actuaries. The Committee noted that the value of the liabilities is sensitive to actuarial assumptions, including price inflation, pension and salary increases, discount rate, 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.

Other areas of accounting judgement and estimation	How each was addressed by the Committee
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 level of judgement is required in determining levels of tax recognised in the financial statements.	The Committee oversaw the development and reporting of the Company's and the Group's tax strategy. It assessed the impact of changes in the approach of governments to tax in response to COVID-19 and discussed with management key judgements made and, in particular, the policy efforts being led by the EU and OECD which may have a material impact on the taxation of all international businesses. The external auditor reported on all material provisions to the Committee. On the basis of the above, the Committee was satisfied that the level of tax provisioning for the Group remained appropriate.
RECOVERABILITY OF CONTRACT RELATED NON-CURRENT ASSETS The Group invests in contract fulfilment assets and contract costs, right of use assets, property, plant and equipment, and intangible assets in order to fulfil its obligations under client contracts. These assets are reviewed for impairment if there are indicators that they may be impaired.	The Committee reviewed the methodology employed by management to determine whether contract assets were impaired, and management's assessment of whether onerous contract provisions should be recognised when the unavoidable costs of meeting the obligations under client contracts exceed the economic benefits expected to be received from them. The Committee considered the approach taken by management with respect to trading forecasts over the life of the contracts, which contemplated recoverable asset values against a range of potential future trading conditions in the context of the impact of COVID-19. The Committee was satisfied that the assumptions used by management were appropriately balanced.

Other areas of focus	How each was addressed by the Committee
GOING CONCERN The going concern and viability statements were reviewed in detail given the ongoing impact of COVID-19.	Despite the recovery in the Group's financial performance this year, the assumptions and evidence supporting the going concern and viability statements were reviewed and challenged by the Committee. Financial models of scenarios prepared by management demonstrating the potential impact of COVID-19 on the business 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.
COVID-19 RIGHTSIZING COSTS The continuation of measures taken by governments to contain the spread of COVID-19 has required the Group to limit or suspend its business operations in certain countries and sectors. In response, the Group has continued with its rightsizing actions to adjust the cost base and has incurred COVID-19 rightsizing costs.	The Committee reviewed the judgements made by management in respect of the Group's rightsizing measures and considered the conclusions of the testing performed by the external auditor. The Committee was satisfied with the amount of costs recognised in the year and the presentation of those costs in the financial statements.
CYBER SECURITY Cyber security is considered a significant risk to the Group. Ensuring that appropriate IT controls and infrastructure are in place and operating effectively is a priority for the Committee.	The Committee undertakes deep dives into specific risk topics to develop an understanding of the risk mitigations in place. The Committee continued to monitor the implementation of the Group's IT strategy with regard to cyber security controls and mitigation measures, through regular updates from the Group Chief Information Officer who provided insights into the processes in place to protect the Group against cyber attack and the activities under way to further improve cyber security across the Group's technology estate.

FAIR, BALANCED AND UNDERSTANDABLE ANNUAL REPORT AND ACCOUNTS

The UK Corporate Governance Code 2018 (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 2021 Annual Report and Accounts to determine whether it considered that the document, taken as a whole, meets this standard and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has concluded that this requirement has been met.

Throughout the Annual Report and Accounts, performance is tracked 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 are those which will be of interest to stakeholders.

FINANCIAL REPORTING COUNCIL LETTER TO COMPASS

One of the items considered by the Audit Committee at its meeting in May 2021 was a letter from the Financial Reporting Council (FRC) dated 31 March 2021 following its review of our Annual Report and Accounts for the financial year ended 30 September 2020 as part of the FRC's routine periodic review of listed company annual reports. The FRC raised a number of questions in respect of the basis on which bank overdrafts and cash and cash equivalents are offset and the nature and treatment of contract fulfilment assets. The appendix to the letter set out further observations on certain disclosures in the accounts which we are encouraged to take into account when considering whether any improvements can be made to our future reporting.

Following our response in April to the initial letter, the FRC confirmed in May that it had been able to close its enquiries in respect of the offset of bank overdrafts and cash and cash equivalents and the balance sheet classification of contract fulfilment assets. However, the FRC requested further information and explanation in respect of the treatment of cash payments relating to contract fulfilment assets in the cash flow statement. Following our response in June to this request and our response in July to the FRC's further observations, the FRC confirmed, in August, that it had closed its enquiries.

We have included the classification of payments made in respect of contract fulfilment assets as investing rather than operating activities as a significant judgement in the financial statements on page 202. The disclosure explains our rationale for the classification and quantifies the impact of this classification on operating and investing cash flows. We have also considered and addressed, where appropriate, the FRC's observations on our disclosures.

The FRC's review is based on our published Annual Report and Accounts and does not benefit from detailed knowledge of our business or an understanding of the underlying transactions. It provides no assurance that our Annual Report and Accounts is correct in all material respects. The FRC's role is not to verify the information provided, but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on the FRC's review by the Company or any third party, including but not limited to investors and shareholders.

ACTIVITY DURING THE YEAR

The Audit Committee sets its agenda for the year ahead. In discharging its duties, the Committee receives presentations and reports from the Group's senior management and internal auditors and considers the views and guidance of the external auditor. Three scheduled meetings were held during the year.

The key matters reviewed and evaluated by the Committee during the year are set out below:

Financial reporting and significant accounting issues

The appropriateness of the interim and annual financial statements (as well as the associated announcements to the London Stock Exchange) including:

- at the Board's request, whether 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 the European Securities and Markets Authority Guidelines on Alternative Performance Measures
- a discussion of the critical accounting policies and use of assumptions and estimates, as noted in section B of the accounting policies on page 202 of this Annual Report, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Group's accounting policies. Major sources of estimation uncertainty are the carrying value of goodwill and post employment benefits
- the going concern and viability statements
- non-financial information

FINANCIAL REPORTING COUNCIL AUDIT QUALITY REVIEW

The Financial Reporting Council (FRC) Audit Quality Review (AQR) selected the external audit by KPMG LLP of the Group's financial statements for the year ended 30 September 2020 for review as part of its annual inspection of audit firms. The AQR covered the audit work at a Group level, including goodwill, going concern, the oversight of the US audit work by the Group team, communication with the Audit Committee and matters relating to planning, completion, ethics and quality control.

The Audit Committee reviewed and discussed the scope of the AQR, the AQR report and actions that will be taken as a result of the findings of the AQR.

The AQR highlighted good practice in respect of certain aspects of the Group audit work which was noted by the Committee. The report included one observation, requiring limited improvement which was not considered significant by the Committee. The Committee is satisfied with the response of KPMG to the finding in the audit for the year ended 30 September 2021.

ACTIVITY IN DETAIL

The Committee has a broad remit covering the audit, assurance and risk processes within the business. A summary of the topics covered by the Audit Committee during the year is detailed below:

2020

NOVEMBER

- full year results
- summary of 2020 preliminary results
- certificates of assurance
- year end accounting and control matters – including goodwill sensitivity analysis
- tax update
- draft full year results press release
- draft Annual Report and Accounts (including the report of the Audit Committee and Principal Risks)
- fair, balanced and understandable Annual Report reading guide
- going concern and viability statements
- Regional Governance Committees update
- KPMG report to the Audit Committee on the 2019-2020 audit and key issues
- GDPR update
- US data privacy update
- cyber security update
- Internal Audit update
- outline plan and approach for FY21 Internal Audit plan
- audit of Charitable Donations Policy
- consideration of UK audit reforms
- use of external auditor for non-audit services
- private discussion with auditor

2021

MAY

- KPMG external audit plan 2020-2021
- 2021 interim results review (fair, balanced and understandable)
- key accounting and reporting matters and tax update
- going concern and other reporting matters
- provision of non-audit services by the external auditor
- consideration of FRC review of 2020 Annual Report and financial statements
- feedback from country interim certificates of assurance
- KPMG report on interim results review
- Internal Audit activity report and approval of terms of reference for the Internal Audit function
- audit reform update
- cyber security update
- accounting system implementation
- GDPR/data privacy update
- key financial controls compliance
- Regional Governance Committees update
- review of external auditor effectiveness
- private discussion with auditor

2021

SEPTEMBER

- year end matters
- accounting issues and financial reporting update
- tax update
- KPMG early issues report
- audit reform update
- Internal Audit update
- Regional Governance Committees update
- 2021 Annual Report and Accounts draft
- Audit Committee Report, Principal Risks and internal controls report
- accounting system implementation
- cyber security update
- GDPR/data privacy update
- terms of reference annual review
- use of auditor for non-audit services
- private discussion with auditor

AUDIT TENDER

Under The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, the Company must put its statutory audit services engagement out to tender not less frequently than every 10 years.

Effective 14 March 2014, KPMG LLP was appointed as the Company's external auditor in succession to Deloitte LLP. KPMG's audit for the year ended 30 September 2021 is its eighth. Over the coming year, the Audit Committee, with the support of executive management, will consider the requirements of the Company and the Group with respect to audit oversight going forward, and will design and implement an appropriate audit tender process to ensure that the determined criteria are met. Details of the audit tender process will be discussed in next year's Audit Committee Report. As reported in previous years, the Committee intends to recommend a preferred audit firm to the Board in 2023, with a view to proposing the firm for appointment by the shareholders at the Annual General Meeting in 2024.

RISK APPETITE

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

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

The Committee and the Board remain satisfied that the Company's internal risk control framework continues to provide the necessary element of flexibility without compromising the integrity of risk management and internal control systems.

RISK MANAGEMENT

In accordance with the guidance set out in the FRC's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014, and in the Code itself, an ongoing process has been established for identifying, managing and evaluating the risks faced by the Group. This process has been in place for the full financial year and up to the date on which the financial statements were approved. These systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, safeguard the Group's assets against material loss, fairly report the Group's performance and position, and to ensure compliance with relevant legislation, regulation and best practice including that related to social, environmental and ethical matters. The systems provide reasonable, but not absolute, assurance against material misstatement or loss.

The responsibility for risk management is delegated based on Compass' management structure, therefore, all employees are responsible for the management of risks within their areas of control. The management of each business is responsible for ensuring compliance with the Group's internal control and risk management policies and procedures within their operations.

The Board retains ultimate accountability for assessing and managing risks, which includes establishing procedures to manage risk, overseeing the internal control framework, reviewing the nature and extent of the principal risks, setting risk appetite and embedding a culture of risk management throughout the business. The Board is assisted in this regard by a top down and bottom up process of risk identification and management which is the subject of regular review by the Group Director of Risk and Internal Audit, the Regional Governance Committees (RGCs) and the Executive Committee as well as the Board itself.

The Board delegates aspects of risk management, with the Executive Committee responsible for the day to day management of significant risk, and the Audit Committee responsible for the oversight of Compass' risk management systems and internal financial controls. The Committee annually reviews the effectiveness of Compass' approach to risk management and any changes to the risk policy, and recommends principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval.

The Group Director of Risk and Internal Audit maintains the risk management framework including the risk policy, processes and systems that underpin the overarching approach to risk management.

With respect to the identification, reporting and monitoring of risks, risks are considered at both gross and net levels i.e. the impact of the risk and likelihood of its occurrence both before and after controls and mitigations have been considered. Risk management plans are developed for all significant risks and include a clear description of the nature of the risk, quantification of the potential impact and likelihood of occurrence, the owners for each risk, and details of the controls and mitigations in place, proportionate to the risk and in line with the Company's risk appetite.

Coinciding with the half and full year results process, all countries within the Group perform a biannual risk review, through which risks are identified and reported into a central database forming the risk register. These risks are then considered and calibrated by the Internal Audit team, working in conjunction with the senior leadership teams, into a list in which risks are ranked according to likelihood and severity and this forms the basis of the biannual Major Risk Assessment. Risk profiles are created for the North America, UK & Ireland, Asia Pacific, Latin America, and Europe and Middle East regions and Group functions, and these are reviewed, considered and evaluated by regional senior leadership, functional leadership and the RGCs. The RGCs provide a framework through which risks are managed and mitigated, and assist in promoting consistency in how the Group's risk management culture is embedded within the businesses.

The regional and Group risk profiles are then used by the Group Director of Risk and Internal Audit to form a view of enterprise-level risks for consideration by the Executive Committee and Board which are evaluated and, if thought fit, approved. The results of this evaluation are fed back to the countries via the Group Director of Risk and Internal Audit and the RGCs. The reported risks are reviewed to assess the scope and appetite for insuring against the risks.

Group companies also submit biannual risk and internal control assurance letters to the Group CFO on internal control and risk management issues, with comments on the control environment within their operations. The 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.

As part of its oversight responsibility, the Committee reviewed the Principal Risks during the year, evaluating:

- whether the principal risks and uncertainties disclosed in the prior year Annual Report and Accounts apply to the current financial year
- whether there had been any year on year variance in the status of each risk
- what should be removed or added

The Committee determined that the principal risks reported in the 2020 Annual Report and Accounts, as updated in the 2021 half year results announcement, remain pertinent. Climate change related risks, and those associated with maintaining high social and ethical standards in our operations, have been recognised as principal risks, underlining the importance of these matters to the Group. The Group's Principal Risks, and the Board's assessment and perception of how these risks have increased or diminished over the year, may be viewed in the Principal Risks section on pages 73 to 81.

We support the aims of the Task Force on Climate-related Financial Disclosures and, in line with its recommendations, we are further developing how we identify, measure and report climate related risks and opportunities and the impact of these on the business strategy and financial planning. This will enable Compass to comply with the TCFD reporting requirements that will apply from the financial year commencing 1 October 2021 and to make the necessary disclosures in the Company's 2022 Annual Report and Accounts.

INTERNAL CONTROLS

In a Group where local management have considerable autonomy to run and develop their businesses, a well designed system of internal control is necessary to safeguard shareholders' investments and the Company's assets. The directors of the Company acknowledge that they have overall responsibility for risk management, for the Group's systems of internal control, for reviewing the effectiveness of those controls and for ensuring that an appropriate culture has been embedded throughout the organisation. A summary of the key financial risks inherent in the Group's business is given on pages 73 to 81.

Control is exercised at Group, regional and business levels through the Group's MAP framework (as well as through the RGCs), via monthly monitoring of performance by comparison with budgets, forecasts and cash targets, and by regular contact with Group businesses by the executive management team. The Board has formal procedures in place for the approval of client contracts, capital investment and acquisition projects, with clearly designated levels of authority, supported by post investment review processes for selected acquisitions, client contracts and major capital expenditure.

The key features of the Group's internal control and risk management systems include clearly defined lines of accountability and delegation of authority, policies and procedures that cover financial planning and reporting, preparation of consolidated accounts, capital expenditure, project governance and information security; and the Group's Code of Business Conduct (CBC). The Internal Audit function is involved in the assessment of the quality of risk management and internal control and helps to promote and further develop effective risk management within the businesses. Certain internal audit assignments (such as those requiring specialist expertise) continue to be outsourced by the Group Director of Risk and Internal Audit as appropriate.

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.

Although some of the Group's employees involved in preparing the year end financial information and in supporting the external audit have been working from home as a result of the pandemic, remote user access and software collaboration tools have ensured that the Company's internal control over financial reporting has remained robust. As a result, during the year ended 30 September 2021, there have been no changes that have affected materially, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

WHISTLEBLOWING, ANTI-BRIBERY AND FRAUD

The Company remains committed to high standards of business conduct and expects all of its employees to act accordingly. The Group's Speak and Listen Up policy (an extension of the Code of Ethics incorporated within the Group's CBC which is available in multiple languages) sets out arrangements for the receipt, in confidence, of concerns regarding any unethical, illegal or other improper circumstances which suggest that our CBC is not being followed.

The Speak and Listen Up policy operates when a complaint is received through our confidential reporting channel, Speak Up, We're Listening. The policy redirects the fraud or bribery allegation for investigation at the most appropriate level of the organisation which may be, for example, by a member of the local People function, the Legal function, the Ethics and Integrity function, the Internal Auditor, or on occasion, the Audit Committee itself.

All alleged breaches of the CBC are followed up, investigated and dealt with appropriately and remediation steps are taken as required. Concerns may be raised anonymously if people wish and we have a strict non-retaliation policy in place to protect those raising concerns.

The Corporate Responsibility Committee oversees the Group's CBC programme, the training of employees on key business integrity risk areas and the way in which management obtains assurance in this area, including the annual self certification process via the annual ethics and integrity declaration and pledge. This required 4,500 of our senior managers, leaders and employees working in control functions to confirm their continued compliance with the CBC and the Code of Ethics in the year ended 30 September 2021.The CBC and Code of Ethics are available on the Company's website www.compass-group.com.

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

INTERNAL AUDIT

Internal Audit function

The work of the Internal Audit function supports the Group's strategic objectives by assessing the effectiveness of internal risk management systems, policies and procedures and key internal controls, and by making recommendations to address any key issues, improve processes and strengthen internal controls. In the course of its work, the function provides a line of defence in helping identify potential threats to the Company's strategic aims. The Audit Committee reviews the effectiveness of the Group's Internal Audit function and its relationship with the external auditor, including internal audit resources, plans and performance as well as the degree to which the function is free of management restrictions.

Purpose, scope and authority

The Internal Audit team is led by the Group Director of Risk and Internal Audit, who reports functionally to the Chair of the Audit Committee and operationally to the Group CFO. The purpose, scope and authority of the Internal Audit function is defined within its terms of reference. The Audit Committee reviews and approves the Internal Audit function's terms of reference and annual work plans. It receives reports on these plans, the results of audit assignments, and management's responses and actions taken, including Internal Audit's initial assessment of the implementation of and ongoing effectiveness of those remedial actions, at every Committee meeting.

Effectiveness

The effectiveness of the Internal Audit function's work is assessed on an ongoing basis throughout the year. As part of its oversight remit, the Committee considers any significant difficulties or disputes encountered during the course of internal audit work, any restrictions placed on that work or the Internal Auditors' access to required information or personnel, or any other matters that the Group Director of Risk and Internal Audit wishes to draw to its attention. In the event of any restrictions being placed on the work of the Internal Audit function, the Audit Committee would take the steps necessary to ensure that such restrictions were removed.

The Audit Committee considered the work undertaken by the Internal Audit function over the course of the year, including evaluating the delivery of the function against its agreed terms of reference, the annual work plan, and the results of its audit work and concluded that the internal audit process remained effective.

EXTERNAL AUDIT

External auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Committee reserves 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 retendering selection process and recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with its withdrawal from the market in its risk evaluation and planning.

The Audit Committee also reviews and sets the terms, areas of responsibility and scope of the audit as set out in the external auditor's engagement letter including: the overall work plan for the forthcoming year, together with the associated fee proposal and cost effectiveness of the audit; the external auditor's independence; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgements; the level of errors identified during the audit; the recommendations made to management by the auditor and management's response; and the auditor's overall performance.

Effectiveness of the external audit process

During the year, the Committee reviewed KPMG's fees for the year under review and, on a continual basis, evaluated the appropriateness of the audit plan and findings for the year ended 30 September 2021. It also considered the effectiveness of the external auditor, whether the agreed audit plan for the financial year ended 30 September 2020 had been fulfilled and the reasons for any variation from the plan. The review included a formal evaluation process involving the use of questionnaires completed by 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 those not in scope for KPMG LLP).

Feedback was requested on the following key factors relating to the effectiveness of the external audit process, and the objectivity and independence of the external auditors, in order to assess KPMG's performance:

- knowledge of the Group's operations
- adequacy of audit planning
- involvement of senior staff
- the skills and expertise of the audit team conducting the audit
- performance of the client service team
- adherence to deadlines
- satisfaction with the audit approach
- communications with Compass' management
- independence and objectivity
- whether the external auditor provided insights and added value
- the globally integrated audit approach
- quality of the audit

A detailed report of this evaluation was presented to the Committee meeting in May 2021. Conclusions were discussed and opportunities for improvement brought to the attention of KPMG. In summary, the Committee concluded, taking into account the views of other key internal stakeholders, that the external audit process was effective.

INDEPENDENCE OF EXTERNAL AUDITOR

The Company confirms that, during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Mr Paul Korolkiewicz stepped down as the Senior Statutory Audit Partner following the conclusion of the audit for the financial year ended 30 September 2020. He was succeeded by Mr Zulfikar Kamran Walji who was the Senior Statutory Audit Partner for the year under review.

To ensure objectivity, key members of the external audit team rotate off the Company's audit. To safeguard the independence of the Company's external auditor and the integrity of the audit process, 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.

In assessing the independence and objectivity of the external auditor, the Committee takes into account the assurances and information provided by the external auditor at the planning stage of the audit, including a written disclosure of the relationships (including the provision of non-audit services) that could have an impact on the external auditor's independence and objectivity and the safeguards put in place to address such threats. As part of this process, the Committee receives a statement from the external auditor advising that all partners and staff annually confirm their compliance with KPMG's ethics and independence policies and procedures including, in particular, that they have no prohibited shareholdings and their ethics and independence policies are fully consistent with the requirements of the FRC Ethical Standard. The Committee has concluded that KPMG was independent of the Group.

The Company operates a policy on non-audit fees which it reviews annually and under which it discloses the ratio of audit to non-audit fees paid in each financial year. The Committee monitors the extent of non-audit work which the external auditor can perform, to ensure that the provision of those non-audit services that can be undertaken by the external auditor falls within the agreed policy and does not impair the external auditor's objectivity or independence. The Group's policy on non-audit services is aligned to the FRC's 2019 Ethical Standard for auditing practices for what is permissible for public interest entities and no services outside this are approved by the Committee. Engagements for non-audit services that are not prohibited are subject to formal approval by the Audit Committee based on the level of fees involved. Non-audit services that are preapproved 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 advisor best placed to undertake the work is retained. In accordance with the Group's policies, the Group CFO approves individual non-audit services with fees up to £50,000 and non-audit services with combined fees up to £100,000. Audit Committee approval is sought for non-audit services over and above these limits. Note 2 on page 217 includes the fees for non-audit services.

The total fees paid to KPMG in the year ended 30 September 2021 were £6.6 million, of which £0.3 million related to non-audit work (2020: £6.3 million of which £0.3 million related to non-audit work). Having considered the non-audit work undertaken by KPMG LLP during the year, it was agreed by the Committee that the tasks undertaken represent permitted non-audit services (as set out in Section 5 of the Financial Reporting Council's Revised Ethical Standard 2019). The principal non-audit services provided by KPMG related to the half year review of the Group's interim financial report, audit-related assurance work in respect of government support schemes and the comfort letter for the annual extension of the Euro Medium Term Note programme. Further disclosure of the non-audit fees paid during the year can be found in note 2 on page 217.

REAPPOINTMENT OF EXTERNAL AUDITOR

There are no contractual restrictions on the Company's choice of external auditor and, in making its recommendation to shareholders on the reappointment of KPMG, the Committee considered, amongst other matters, the tenure, objectivity and independence of KPMG and its continuing effectiveness and cost as well as the availability of firms within the wider audit market.

KPMG has expressed its willingness to continue as auditor of the Company. Separate resolutions proposing KPMG's reappointment and the determination of its remuneration by the Audit Committee will be proposed at the 2022 AGM.

DISCLOSURE OF RELEVANT AUDIT INFORMATION

The directors confirm that, so far as they are each aware, there is no relevant audit information of which KPMG is unaware and each director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that KPMG is aware of that information.

CORPORATE RESPONSIBILITY COMMITTEE REPORT

NELSON SILVA
Chair of the Corporate Responsibility Committee

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Corporate Responsibility Committee's Report for the financial year ended 30 September 2021.

THE YEAR IN REVIEW

Corporate responsibility is central to the Company's strategy and forms an integral part of how Compass operates. To advance the Company's corporate responsibility (CR) objectives, the Committee oversees and monitors the implementation and effectiveness of the Company's CR strategies and, in doing so, seeks to ensure the alignment of the Company's policies and practices with its culture, purpose and values.

An important aspect of the Committee's work involves the oversight of how the Company engages with and understands the interests of its key stakeholder groups. This provides the Committee with greater insight into stakeholder views, which helps to inform Board debate and decision making.

This year, the work of the Committee continued to focus on overseeing the health and safety initiatives developed by management to keep the Group's people, clients and consumers safe. This was supported by a structured employee engagement strategy to ensure that employees received the appropriate levels of advice, guidance and support, in relation to both safety and mental health. The Committee received regular updates on the measures being implemented to enable it to assess the effectiveness of actions taken by management.

MAIN RESPONSIBILITIES

- reviewing and monitoring the effectiveness of the Group's Safety and Sustainability and People strategies
- monitoring the Group's CR policies and practices for alignment to the Company's culture, purpose and values
- reviewing/recommending for approval the Company's annual Modern Slavery Act statement
- overseeing the Group's Ethics and Integrity programme
- receiving updates on non-financial related reports from the whistleblowing helpline, Speak Up, We're Listening
- overseeing appropriate and effective engagement with the Company's stakeholders including employees
- approving the content of the CR Report and the CR Committee's report for the Annual Report and Accounts

MEMBERSHIP AND ATTENDANCE

Member	Member since	Eligible to attend[1]	Meetings attended
Nelson Silva	Jul 2015	3	3
Carol Arrowsmith	Jun 2014	3	3
John Bason	Jun 2011	3	3
Dominic Blakemore	Jan 2018	3	3
Stefan Bomhard	May 2016	3	3
John Bryant	Sep 2018	3	3
Ian Meakins	Sep 2020	3	3
Sarah Morris[2]	May 2020	2	2
Anne-Francoise Nesmes	Jul 2018	3	3
Ireena Vittal	Jul 2015	3	3
Paul Walsh[3]	Jan 2014	1	1
Karen Witts	Apr 2019	3	3

1. The number of meetings that a member was eligible to attend.
2. Stepped down from the Committee on 31 August 2021.
3. Stepped down from the Board and its committees on 30 November 2020.

The Committee also looked at a range of matters that are important to investors and other stakeholders. This included environment, social and governance (ESG) matters, which have continued to gain momentum during 2021 as a driver of the Group's purpose. A significant proportion of the Company's investors are signatories to the internationally recognised Principles for Responsible Investment and increasingly, Compass' clients, consumers and employees want to work for and with companies with a strong focus on sustainability and other social purposes.

In particular, the impact of the global events of the past year have brought into sharp focus the importance of:

- employees and their contribution to the Group's businesses and the responsibility for their safety and wellbeing
- the ability to keep employees and consumers safe

- demonstrating to stakeholders through actions that the Company is committed to a sustainable business model that creates value but limits the impact on the communities Compass operates in, and to the planet

I am pleased to report that, as a Group, we have made good progress in the following areas:

- advancing the Group's People strategy and agenda
- increasing employee engagement to keep employees up to date on what the Group is doing and using their feedback to help understand their views and to develop the Group's strategy and culture
- increasing the number of health and mental wellbeing and other support mechanisms available for employees
- further strengthening health and safety protocols to ensure that as the Group's employees, clients and consumers return to work they feel safe and confident
- the Group Lost Time Incident Frequency Rate and Food Safety Incident Rate limits that we set at the beginning of the year
- addressing climate change issues by focusing more sharply on what is important to the organisation and its stakeholders including, amongst other things, committing to net zero by 2050

In recognition of the importance of the 'Governance' in ESG, the Committee also maintained its watching brief on regulatory, legislative and best practice developments including various initiatives of government and policy makers in response to COVID-19. We will continue with this practice to ensure that the Company's policies, practices and governance arrangements reflect any new developments. The Group also progressed its Ethics and Integrity programme which is an important tool in our governance armoury, more details of which can be found later in this section of the Annual Report.

As part of the annual performance evaluation process, the Committee assessed its effectiveness and performance in a number of key areas. Further information on the results of this year's evaluation can be found in the Nomination Committee's Report on page 121.

We hope that the information in this and other sections of the Annual Report which touch on the work of the Committee will be of interest to you and demonstrate our ongoing commitment to being a good corporate citizen.

NELSON SILVA
Chair of the Corporate Responsibility Committee

23 November 2021

GOVERNANCE

- Nelson Silva has chaired the Committee since February 2017. The Chair of the Committee reports to the Board on the activity of the Committee and attends the AGM to meet with shareholders and to answer any questions on its activities
- Committee membership comprises all the non-executive directors in office at the date of this Report. Other members include the Chairman of the Board, the Group CEO and the Group CFO. A quorum for a meeting is two. The Group General Counsel and Company Secretary attends all meetings of the Committee
- only members of the Committee have the right to attend its meetings. Other individuals, such as the Group Commercial Director, Group Head of Ethics and Integrity, Group Chief People Officer and external advisors, may be invited to attend all or part of any meetings, as and when appropriate
- the Committee's objective is to assist the Board and the Company in fulfilling its corporate responsibility agenda in line with the Company's strategy, policies and practices
- the Committee receives reports from the Group Commercial Director, Group General Counsel and Company Secretary, Group Head of Ethics and Integrity, Group Chief People Officer and other senior managers to ensure that progress is being made towards meeting the Group's specific CR KPIs and our ongoing CR commitments
- the CR Committee's remit includes monitoring and ensuring executive management and the Board are appropriately prepared for changes in the legislative, regulatory and best practice landscape and, in this regard, is supported by the Group General Counsel and Company Secretary
- the Committee is authorised to seek information from any employee of the Group to enable it to perform its duties, and if necessary, at the expense of the Company, can obtain legal or other independent professional advice on matters covered by its terms of reference
- the Board has delegated responsibility to the Committee to oversee and to make recommendations to the Board on the development, implementation and effectiveness of the Group's People, Corporate Responsibility, Health, Safety and Sustainability, Ethics and Integrity, and Stakeholder engagement strategies.

The terms of reference of the CR Committee are reviewed annually to ensure that they continue to be fit for purpose. They were last reviewed in September 2021 when changes were made to better reflect the Committee's role in relation to governance and ethics matters.

Full details of the Committee's terms of reference can be found on the Company's website, www.compass-group.com.

For more information, scan the QR code.

ACTIVITY DURING THE YEAR

The Committee is responsible for reviewing and monitoring the implementation of the Company's corporate responsibility and sustainability strategy and for ensuring that it continues to be effective and remains aligned to the Company's social purpose, culture and values. Over the course of the year, the Committee received and considered regular updates on the progress of the Group's CR strategy. The Committee believes that the increasing work the Group undertakes in the sustainability arena reflects and is fully aligned with the Company's culture and values. More details of our sustainability strategy, performance against our sustainability KPIs, and the Group's sustainability projects and initiatives can be found in our Corporate Responsibility Report, which is on pages 40 to 53.

The key matters considered and discussed by the Committee during the year are set out opposite:

FOOD SAFETY STANDARDS

The CR Committee considers food safety performance at each meeting, with a particular focus on monitoring the progress against the Group's FSIR limits, more detail on which can be found on page 43. Safety moments, held at the beginning of each Committee meeting, cover relevant food safety and occupational health and safety matters and any learnings identified in response to safety hazards.

During the year, the Committee approved the Group's Food Safety Policy statement as part of its annual review. The Food Safety Policy statement outlines the Group's common operating standards and behaviours in respect of food safety, which apply across both our supply chain and operations, and include our approach to allergen management. Through the policy, the Committee ensures that compliance is monitored against Compass' safety standards, which supports the Group's food safety performance.

2020

NOVEMBER

- safety moment – COVID-19 related
- H&S and sustainability update: safety KPI update against targets for 2019-2020, approval of H&S targets for 2020-2021
- mental wellbeing and resilience update
- ESG framework overview – TCFD, SASB and GRI
- shareholder ESG survey results
- Annual Report approvals: CR Committee Report, Corporate Responsibility Report
- annual review and approvals of the following policies: Environmental, Food Safety, Workplace H&S and Charitable Donations
- approval of the 2020 Modern Slavery Act statement
- update on the Ethics and Integrity programme
- update on concerns raised through Speak Up, We're Listening

2021

MAY

- safety moment – COVID-19 related
- update on H&S performance
- sustainability rating and commitment update
- sustainability strategy/climate change (including TCFD reporting, Science Based Targets and other commitments)
- People update: outline People and Purpose refresh
- employee engagement update
- update on the Ethics and Integrity programme
- update on concerns raised through Speak Up, We're Listening
- governance and regulatory update
- ESG training by external expert

SEPTEMBER

- safety moment – food safety
- update on North American engagement survey
- employee engagement update (including from the Designated NED for workforce engagement)
- safety KPI performance against targets for 2020-2021
- sustainability strategy/climate change update (including TCFD reporting, Science Based Targets and other commitments)
- draft CR Committee and Corporate Responsibility Reports for 2021 Annual Report
- Ethics and Integrity strategy and priorities update
- Speak Up, We're Listening update
- external environment and regulatory update
- terms of reference: annual review
- Human Rights Policy: annual review

PEOPLE – OUR KEY INGREDIENT

Over the course of the pandemic the resilience, commitment and adaptability of the Group's employees has been extraordinary and it has brought into focus the importance of the Committee's role in overseeing the development, implementation and effectiveness of the Group's people policies, strategies, processes and initiatives.

To assist the Committee with its work, it received regular reports and presentations from key individuals in the Group People function, including the Group Chief People Officer.

PEOPLE WELLBEING AND RESILIENCE

The past year has been one of uncertainty, change, and for many, real concerns about health, family and work. To help our people cope with these uncertainties, a wide range of initiatives were implemented across the Group with the aim of safeguarding the mental wellbeing of employees and promoting a culture of openness and acceptance around mental health issues. During the course of its work, the Committee was updated on some of these initiatives to help it develop a better understanding of the challenges facing the Group's employees including, the You Matter initiative in the Group's UK & Ireland business which provides practical advice to help their employees to look after their own and others' physical, psychological and social wellbeing. Support offered included a bank of online resources e.g. access to a 24/7 Employee Assistance Programme and a Patient Advocate Nurse Helpline to support medical queries and concerns. Examples of similar initiatives can be found on page 34.

PEOPLE STRATEGY REFRESH

During the year, the Committee received a presentation from the Group Chief People Officer on the work that was being undertaken to refresh the People and Purpose strategy. The Committee endorsed the philosophy behind the refresh – keep it simple, focused, impactful, evolve our thinking, create value and drive growth.

The Committee was informed of the work streams covering talent, reward, training and wellbeing of employees that would need to be evolved to support the overall strategic objectives of the Group and to ensure that colleagues could return to the workplace safely and with confidence.

EMPLOYEE ENGAGEMENT

The Committee gained valuable insights from employees across the Group's businesses through engagement surveys, pulse surveys and other sources. How employees feel about their workplace is an important indicator of the health of the Group's culture and values, and this information provided the Committee with a unique perspective into how employee culture can best complement the corporate strategy. These views helped the Committee in its oversight of the Group's People strategy to ensure that it remains effective and is valued and understood by the Group's employees.

PEOPLE ARE THE GROUP'S KEY INGREDIENT AND ITS GREATEST ASSET

INSIGHT FROM NELSON SILVA, CHAIR OF THE CORPORATE RESPONSIBILITY COMMITTEE

Q Why is the CR Committee interested in the opinions of the Group's employees?

A The Board has delegated responsibility to the Committee to oversee and, if appropriate, make recommendations to the Board on the development, implementation and effectiveness of the Group's people policies, strategies, processes and initiatives. It is therefore essential that we know what employees in the businesses think.

Q Why do the opinions of employees matter?

A People are at the heart of Compass' business. The Group's people and its culture make a difference to what Compass does and how it serves its consumers around the world. No one is better placed than the Group's people who are working in client premises to understand whether what Compass does is working well. With their unique perspective, our people help to inform the Group's strategy. Employees' voices are used in business planning decisions and in the development of the Group's culture, enabling Compass to be the best.

Q How does the Company find out what employees across the Group are thinking?

A In a number of ways including:

- global and local engagement surveys
- pulse surveys
- local townhalls and Group leadership updates
- a programme of engagement with the Designated NED for workforce engagement
- reports from the Speak Up, We're Listening helpline and online platform

In November 2020, a pulse survey was conducted involving around 10,000 employees in 28 countries, giving us a snapshot of employee sentiment.

In March 2021, our North American business sent out an engagement survey to 100,000 associates using new technology which included questions on culture, diversity and inclusion.

Over a quarter of a million employees participated in our last global engagement survey in 2019.

The next global engagement survey will take place before the end of the 2021 calendar year. The results of the survey will provide a new baseline from which to continue to make improvements through 2022 and to build employee confidence and hope for the future, beyond the pandemic.

The Group CEO and Group CFO together with other members of the Executive Committee also hold regular townhalls. This year, they were held mostly online. These sessions cover a range of topics and give the Group's executive management an opportunity to update our people on what is happening in the business and of other matters that might be of interest. At the end of each townhall, there is an open question and answer session on the subjects covered. Similar forums are held at local and regional level and participation rates are high.

Reports from the Group's Speak Up, We're Listening helpline and online platform also provide a further channel through which the sentiment of employees and other stakeholders can be monitored.

All of these channels provide us with a rich source of information on what our people think of what it is like to work for Compass, its leaders, its performance and much more.

» More details of the Group's People initiatives can be found in the People section on page 32.

EMPLOYEE ENGAGEMENT

Q How effective has engagement between employees and the Designated NED for workforce engagement been during the past year?

A During the year, the Committee received presentations from the Group's Chief People Officer which demonstrated that the work being undertaken by Mrs Ireena Vittal in her role as Designated NED for workforce engagement continues to be popular. She is well received by participants and is providing powerful insights for the Board on employees' voice. Participants in engagement meetings with Mrs Vittal liked the intimate structure and the freedom to explore a variety of topics that mattered to them. Key themes discussed included a sense of pride in the Group's response to the pandemic; the increased levels of stress and anxiety being experienced; and the reassurance for the future that had been given through:

- ensuring stability
- the reward structure
- the focus on careers
- the return to growth

These meetings are considered valuable by the Committee and have provided an opportunity for employees to share their personal experiences, table ideas, and raise questions with Mrs Vittal for her to feed back to the Committee for consideration. A full programme of meetings has been planned for the coming year.

As a measure of confidence in Mrs Vittal's performance in this role, the Nomination Committee recommended that her tenure as Designated NED for workforce engagement be extended for a further period of two years from 1 October 2021, which was endorsed by the Board.

Q What will the Committee's focus be in 2022?

A In the coming year, the Committee will continue to oversee and monitor initiatives to ensure that the Group continues to have an engaged and motivated workforce with employees who know that their opinion matters and who have confidence in the Group's leadership and strategy.

In November 2020, a pulse survey was conducted in 28 countries involving around

10,000 employees

In March 2021, our North American business sent out an engagement survey to

100,000 associates

» More details of the engagement programme between employees and our Designated NED for workforce engagement can be found on page 39 of the People Report.

HEALTH, SAFETY AND SUSTAINABILITY

HEALTH AND SAFETY

The health and safety of the Group's employees, clients and consumers continues to be a top priority. At the start of every meeting, the CR Committee considers a safety moment. This helps the Committee to develop a deeper understanding of the H&S risks and challenges facing the businesses, and to consider how the lessons learned from specific incidents can be applied to help prevent a recurrence.

The Committee continued to be instrumental in keeping the Board informed of the H&S measures taken to protect employees, clients and consumers as a result of COVID-19. Throughout the year, to assist the Committee with its oversight responsibility for the effectiveness of those measures, it received progress updates on the Group's H&S performance indicators and on the work being undertaken by the Regional HSE leads to monitor progress on developments in the pandemic including infection rates, and, as lock down measures started to be lifted, the mobilisation and safe return to work of employees, clients and consumers.

At the start of the pandemic, a series of enhanced health and safety protocols were created to help keep people safe and to restrict the spread of the virus. In planning these protocols, management consulted a range of internal and external experts, including seeking expert medical advice.

In accordance with advice received, the reopening protocols developed by the Group's central H&S team, and regional and country safety leads, are designed to ensure that the risk of transmission of COVID-19 is appropriately limited and include a review of reopening safety checklists and consideration of resource planning, training, screening methodology and safety equipment requirements.

The Committee received reports on the implementation of the protocols including safe working practices, the correct use of Personal Protective Equipment, and the control of social interaction within work spaces. The Committee also considered with the Group Commercial Director the effectiveness of the protocols to ascertain that the approach being taken by the businesses was appropriate.

COVID-19

Throughout 2021, the Committee continued to receive updates on employee infection rates.

As a result of the pandemic, many people have lost family, friends and colleagues, and sadly, during the year, we lost a number of valued colleagues in different parts of the world. Our deepest sympathies are with the families and colleagues of those who have died and we continue to be committed to doing all we can to support them.

The nature of the COVID-19 virus means that when contracted, it is very difficult to identify the source of the infection. While some of our colleagues have been affected by the virus, our investigations have found no conclusive evidence that the sources of contraction originated within our work environments.

The Committee fully endorses the ongoing efforts to provide support to employees who have been most affected by COVID-19, including, in some cases, providing medical insurance, arranging hospital care, importation of oxygen and face masks and providing access to financial hardship funds. The Committee will continue to closely monitor H&S measures and practices as the Group's businesses continue to reopen.

There were no work related fatalities in the Group during the year.

ENHANCED HEALTH AND SAFETY PROTOCOLS

A PASSION FOR DELIVERING SAFE, SUSTAINABLE AND SUPERIOR FOOD

KEY PERFORMANCE INDICATORS

Health and safety performance metrics are reviewed annually, confirming relevance and materiality across the Group's businesses. We have two H&S key performance indicators – Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR).

At the beginning of the year, the 2020-2021 Group limits for these measures were set at 2.89 and 0.24 respectively. When setting the limit for LTIFR, the Committee took into account regional uncertainty in the risks and challenges involved in the reopening of the Group's businesses as the recovery from the pandemic progressed.

A Lost Time Incident is where an employee, as a result of a work related injury or illness, requires a work absence of one or more shifts. The LTIFR is the rate which reflects the number of Lost Time Incidents per million labour hours worked. As a Group, we measure this indicator because a fall in lost time incidents proportionate to labour hours is an important gauge of the effectiveness of our Safety First culture. Any reduction in LTIFR lowers rates of absenteeism and costs associated with work related injuries. FSIR represents the rate of Food Safety Incidents per million pounds of food cost. Food Safety Incidents reflect substantiated incidents classified as either food borne illness, allergic reactions or foreign body related incidents. As a Group, we measure this indicator as it reflects our ability to provide food that is safe and of the right quality to our consumers globally.

These measures are linked to 10% of the potential annual bonus outcome for executive directors and the Committee considers these measures to be appropriate as they align to the Company's priority of keeping employees and consumers across the Group safe. Performance for the financial year ended 30 September 2021 against the limits for these KPIs set by the Committee at the beginning of the year can be found in the Sustainability Report on page 40. The outcome of this year's annual bonus for executive directors can be found in the Remuneration Committee Report on page 162.

SUSTAINABILITY

Over the course of the year, the Committee received regular updates to help it gain a deeper understanding of the issues which are of concern to investors and stakeholders and also as a means of ensuring: the Group's sustainability strategy continues to be appropriate; the Company complies with its regulatory reporting obligations; and investors and other stakeholders remain confident that the Company is taking its ESG obligations seriously. Across the globe, government action and regulation on climate change is accelerating and the Committee has focused on what this means for Compass. At its meeting in November 2020, the Committee was advised of:

- the results of an ESG investor insight study on ESG investment strategies which confirmed that sustainable investment themes are becoming a greater priority for investors
- the ESG ecosystem and key non-financial ESG disclosure frameworks, which provide tools to assist companies in preparing voluntary sustainability reports and consistent ESG disclosures
- the role of ESG rating agencies including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) which are increasingly being used to evaluate a company's sustainability performance
- the momentum that was building for the 2021 UN Climate Change Conference (COP26)
- the percentage of the Company's investors that are signatories to the internationally recognised Principles for Responsible Investment
- the increasing desire of clients, consumers and employees to work for and with companies with a strong focus on sustainability

This year, Compass has accelerated its response to actions on climate change, food waste and responsible sourcing being the first international company in the contract catering industry to announce a global commitment to a 2050 Net Zero emissions economy, underpinned by approved 2030 Science Based Targets and a further commitment to be carbon neutral worldwide across our own operations by 2030.

SOURCING PRODUCE THROUGH OUR TRUSTED PARTNERS

During the year, the Committee took advice from internal and external subject matter experts on climate change and considered the scope of the work that would help the Company to meet its 2030 milestone and 2050 net zero commitment. This included work over the medium and long term and workstreams already underway across the Group's businesses to help advance those ambitions. The Committee also oversaw the ongoing work designed to ensure the Company will be able to meet its TCFD reporting obligations from the financial year commencing on 1 October 2021 and thereafter, including:

- calculation of the Group's Scope 3 emissions
- developing a Group net zero road map
- setting Science Based Targets to underpin the Group's net zero commitment
- the adoption of TCFD recommendations to better assess and report climate related risks and opportunities

The Committee is fully supportive of the Group's net zero ambitions and will continue to oversee the implementation and progress of initiatives by management.

» To find out more, see page 45.

ETHICS AND INTEGRITY

The Committee oversaw the operation of the ethics and integrity activities of the Group, receiving regular presentations and reports from the Group Head of Ethics and Integrity. This included oversight of the scope, design, and continued development of the Ethics and Integrity programme which aims to increase employees' awareness of the ethical issues that they may encounter in their roles, their knowledge of the Group's policies, processes and controls with respect to ethical business practices, and compliance with regulation. It also included the transition to a new eLearning platform in August 2020 in which training modules are available in multiple languages. Areas of focus for training, on a risk to role basis, during the year included:

- anti-bribery and corruption
- competition law
- General Data Protection Regulation
- market abuse and insider dealing
- human rights

The Committee monitored the progress of training programmes, which identified areas of strength and areas for development in understanding, which could then be followed up through further engagement. The Committee noted the ongoing development of the programme and is supportive of its further expansion to wider ranging training topics delivered with increased regularity and on a risk to role basis.

The annual Code of Business Conduct self certification process requires colleagues globally in roles with applicable risk profiles to confirm their understanding of and compliance with the Code through a declaration and pledge.

SPEAK UP!
We're listening

The Group's Speak Up, We're Listening programme has recently been relaunched and provides employees with a confidential mechanism for raising concerns. To improve the management of reporting parties and development of the information received, the Committee noted the efforts being made for reporting to be more engaging and accessible for frontline employees via a simplified online intake process and use of a QR code. This is expected to improve the quality of the reports received, with more specific information provided, enabling a swifter and better analysis of potential issues and optimising investigation and case closure processes. The Committee noted the probity displayed by the businesses in dealing with concerns raised and, in particular, monitored trends in reporting occurring throughout the year, including those related to COVID-19 related Speak Ups, to ensure that any issues identified were remediated appropriately.

TRAINING OUR PEOPLE ON HUMAN RIGHTS RISKS

HUMAN RIGHTS AND MODERN SLAVERY

Ensuring that human rights are promoted and respected at every level of our business and the supply chain is important to the Group.

The Committee reviewed the content of the Company's Modern Slavery Act (MSA) statement on behalf of the Board with the aim of establishing whether the MSA statement and the approach taken reflected best practice and was representative of the Company's activities to promote ethical business practices and policies, and to provide assurance to the Board.

In undertaking its review, the Committee considered whether the statement conveyed to stakeholders the steps being taken by the Company to tackle modern slavery, noting the progress that is being made with respect to systems, controls and training through the Human Rights Working Group comprising representatives from key functions and business areas. The Company continues to collaborate with a wide range of organisations, corporate peers and other relevant stakeholders to effect change and advance the Company's human rights agenda.

The Committee concluded that the MSA statement reflected the Company's approach and activities for identifying, monitoring and eradicating human slavery and trafficking in its business and supply chain, was clear and understandable and demonstrated a year on year improvement in the Company's human rights agenda.

The Committee also reviewed the Group's Human Rights Policy to align it to the Group's People, Performance, Purpose strategy and recommended it to the Board for approval. The updated policy, which was subsequently approved by the Board, sets out our commitment and approach to human rights and incorporates elements of the Company's sustainability strategy, reflecting increased focus on this area from clients, investors and other stakeholders.

MODERN SLAVERY ACT STATEMENT

Copies of our MSA and our Human Rights Policy are available on the Company's website www.compass-group.com. For more information scan the QR code.

REMUNERATION COMMITTEE REPORT

CAROL ARROWSMITH
Chair of the Remuneration Committee

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for the financial year ended 30 September 2021. The Report is split into the following sections:

- this Annual Statement which contains an 'at a glance' summary of the remuneration decisions made during the year
- the proposed 2022-2025 Remuneration Policy (the 2022 Policy)
- the proposed implementation of the Policy in 2021-2022
- the Annual Remuneration Report on the implementation of the current Policy in the year ended 30 September 2021
- key activities during the year

STRONG RECOVERY THROUGH ONGOING COVID-19 CHALLENGES

2021 has been another exceptional and challenging year. The detrimental effects of the COVID-19 pandemic continue to impact our businesses significantly. We remain focused on the safety and wellbeing of our employees and on controlling that which is in our control as we navigate our path to recovery. Our executive leadership has guided the Group through the COVID related uncertainties, empowering our people to ensure that we continued to serve our clients in the most challenging of circumstances – and the Committee, together with the Board, both recognises and applauds the incredible resilience, resourcefulness and commitment of our employees, particularly those working in frontline roles.

MAIN RESPONSIBILITIES

In line with the authority delegated by the Board, the Remuneration Committee sets the Company's Remuneration Policy and is responsible for determining remuneration terms and conditions of employment for the Chairman of the Board and members of the Executive Committee, which comprises the executive directors and other senior executives.

THE COMMITTEE:

- ensures that the members of the Executive Committee are appropriately incentivised to enhance the Group's performance and are rewarded for their contribution to the success of the business by designing, monitoring and assessing incentive arrangements, including setting stretching targets and assessing performance and outcomes against them
- reviews the remuneration arrangements for other senior executives within the Group, having regard to the wider remuneration philosophy of the organisation when developing policy and considering executives' packages, monitoring the relationship between them and those of the wider workforce
- maintains an active dialogue with shareholders, ensuring their views and those of their advisors are sought and considered when setting the executive remuneration Policy

MEMBERSHIP AND ATTENDANCE

Member	Member since	Eligible to attend[1]	Meetings attended
Carol Arrowsmith	Jun 2014	8	8
John Bason[2]	Jun 2011	2	2
Stefan Bomhard[3]	May 2016	8	7
John Bryant	Sep 2018	8	8
Anne-Francoise Nesmes[3]	Jul 2018	8	7
Nelson Silva	Jul 2015	8	8
Ireena Vittal[3]	Jul 2015	8	7

1. The maximum number of meetings that a member was eligible to attend.
2. John Bason stepped down as a member of the Committee on 4 February 2021 following the conclusion of the 2021 AGM. Eligible to attend two meetings as a member of the Committee. Was also invited to attend meetings at the invitation of the Committee.
3. Unable to attend a meeting called at short notice and outside business hours due to prior commitments, but provided the Chair with comments in advance of the meeting.

It is a testament to all that the Group is recovering strongly, employee engagement has improved, and our people are rightly proud of the contribution they make to our clients and broader society.

The Committee continues to monitor remuneration decisions taken across the Group and has considered executive pay in the context of the wider workforce, the Company and its shareholders.

PERFORMANCE AND REMUNERATION OUTCOMES IN 2020-2021

In determining the executive directors' remuneration outcomes for the financial year, the Committee maintained a clear and rigorous focus on aligning pay with performance in the context of a very challenging year.

2020-2021 bonus

As we embarked on the 2020-2021 financial year there was continuing uncertainty regarding COVID-19, governmental responses and the timing of the roll out and efficacy of any potential COVID-19 vaccine. Reflecting this uncertainty, the Committee decided to make some changes to the annual bonus arrangements, setting two independent six month targets, at the half and full year, for absolute revenue and operating margin. This reduced the risk of setting targets for the year that were inappropriately calibrated considering the volatility and uncertainty created by governmental restrictions on our operations in response to the pandemic. This approach was outlined in the 2020 Remuneration Report and communicated to Plan participants.

The 2020-2021 annual bonus plan was based on performance measures designed to support the delivery of resilient and profitable business recovery. Measures were aligned to the financial and strategic objectives of the Group and the relevant director at the start of the financial year. Each measure within the plan is independently set and assessed. Given the additional challenges associated with reopening our sites, we increased the weighting of our Health and Safety measures.

For Dominic Blakemore and Karen Witts, the annual bonus plan for the financial year to September 2021 was based on the following Group level performance measures: operating margin, absolute revenue, cash conversion and health, safety and environmental measures (HSE) (based on the Lost Time Incident Frequency Rate and Food Safety Incident Rate). In addition to the above, Gary Green's bonus included a component based on key financial measures in respect of performance in the North American region.

The Committee has measured the outcome against the targets and assessed the Group's performance on a holistic basis, ensuring that the bonus outcomes are a fair reflection of performance and are aligned with the experience of shareholders.

At Group level, our focus on operating margin has resulted in strong performance in this key area. Annual underlying operating margin was 4.5%, with an underlying exit margin of 5.8% in Q4. This represented delivery at the top of the target range for this measure. The Group also delivered record new business wins of £2.1bn and record client retention of 95.4%. The Group generated around £1bn of operating cash flow. At c. 119% cash conversion, this reflected our ability to convert profit into cash. A relentless attention to health & safety performance, as we recommenced operations in many locations, resulted in a maximum outcome for this bonus measure.

The Committee considered the overall performance of the Group in the year and concluded that the formulaic outcomes of the annual bonus, being 99.93% of maximum for Dominic Blakemore and Karen Witts and 99.21% for Gary Green are appropriate.

The Committee is pleased to note that participants in bonus plans throughout the organisation will receive payments based on the strong performance of the Group during the year.

More details are set out in the Annual Remuneration Report on pages 162 to 164.

2018-2019 Long Term Incentive Plan (LTIP)

The three year performance period in respect of the 2018-2019 LTIP award came to an end on 30 September 2021.

The LTIP awards held by Mr Blakemore, Mrs Witts and Mr Green were subject to Adjusted Free Cash Flow (AFCF), Return on Capital Employed (ROCE) and Total Shareholder Return (TSR) performance measures.

Until the onset of the pandemic, performance was strong, with improvement in ROCE and AFCF tracking in line with a vesting against these performance measures, along with a positive TSR performance. Although the Group was performing strongly, the scale of recovery required to overcome the pandemic impact required an unrealistic level of financial performance to meet targets, set before the onset of the pandemic. The Committee considered the potential use of positive discretion in respect of the vesting outcome of this award. The Committee concluded that the conditions that would justify the application of positive discretion to permit any vesting of the above award had not yet been met and, accordingly, the conditional shares under the award lapsed in full.

The Committee noted that this is the second consecutive LTIP award where strong performance was delivered until the onset of the pandemic, yet despite the measures taken to mitigate the spread of COVID-19, the impact on our performance was so severe that both awards have lapsed in full. The Committee recognises the potential impacts on engagement, motivation and retention for executives and the broader leadership team and will continue to monitor the position carefully and keep the vesting of the 2019-2020 award under review.

REMUNERATION FRAMEWORK FOR 2021-2022

In line with regulations we reviewed our Remuneration Policy and submitted our updated policy at the 2021 AGM. This took account of changes to the remuneration landscape and the evolution of best practice, incorporating many features encouraged by shareholders. We consulted extensively with key shareholders and their representative bodies, taking on board their feedback in the final design, and at last year's AGM, we were delighted to receive a 95.71% vote in favour of our Remuneration Policy and 97.47% in favour of our Remuneration Report.

The continued focus of the Committee will be to ensure that our remuneration structures are effective, to enable us to continue to engage, motivate and retain the talented colleagues who are critical to the future success of the Company. The Committee recognises that performance targets will need to be achievable yet appropriately stretching to drive performance.

The Committee has decided to propose some changes to our Remuneration Policy (the 2022 Policy). These include:

- an increase to the multiple of salary used to determine the future LTIP award quantum for executive directors (whilst remaining within the maximum award size under our current Remuneration Policy and removing the 'exceptional' maximum provision from our new Policy)
- the introduction of a mandatory deferral of one third of the annual bonus for executive directors
- an enhancement to our share ownership guidelines

The proposed 2022 Policy is set out on pages 152 to 160. These changes will be proposed for approval by shareholders at the 2022 AGM.

Base salary

The Committee considered the alignment of salary in the context of the external market and the sustained strong performance, as well as the increases applicable to the wider population.

These salary adjustments for executive directors are less than the average increase to employees across the wider UK population. Accordingly, Dominic Blakemore and Gary Green will receive salary increases of 4.5%, which will take effect from 1 January 2022. Palmer Brown was appointed to the Board on 4 October 2021 with a salary of $970,000, and he will not receive a salary increase in January 2022.

Pension alignment

As detailed on page 149 the phased reduction of executive directors' pension rates will continue with a further reduction from 1 January 2022 and full alignment with the maximum contribution available to the majority of the UK workforce by 31 December 2022. As a result, with effect from 1 January 2022, Mr Blakemore's pension allowance will reduce from 15% to 10% of salary, and Mr Green's pension allowance will reduce from 28% to 18% of salary. In accordance with the 2021 Remuneration Policy, Mr Brown was appointed with a pension contribution of 6%.

Bonus plan

The bonus measures remain unchanged for the year ahead. We will revert to the usual method of setting targets for the full year. In terms of Environmental, Social and Governance (ESG) measures, the Committee believes that, as we continue to reopen many areas of our business at scale, health and safety remains the most appropriate ESG measure at this time. The Committee is actively considering extending the measure set, to include broader sustainability measures, consistent with our commitments to net zero carbon emissions for inclusion in bonus arrangements in future years.

For annual bonus periods commencing after the 2022 AGM, i.e. with effect from the 2022-2023 annual bonus year, executive directors will be required to defer one third of any bonus earned into Compass shares for a period of three years. This aligns with our current Remuneration Policy, with the exception that it applies to all annual bonus payments, irrespective of whether the share ownership guidelines have been met.

LTIP award quantum

We continue to be faced with the significant challenge of ensuring our remuneration packages motivate, retain, and fairly reward our highly valued and respected management team as it maintains its performance in delivering our recovery for our stakeholders. The Committee wants to ensure the executive directors are fairly rewarded for delivering a very strong recovery. The Committee also recognises that there is a 'hot' market for talent in our sector: this is genuinely global in nature and executives with proven track records for delivery are in strong demand. Retention risk is recognised as an immediate threat to the continuity of our sustained recovery.

Having reviewed the latest market data, the Committee has determined that our total remuneration package has now fallen behind the market for UK listed companies of a similar financial and operational size, global footprint and business complexity. This is principally as a consequence of the positioning of the LTIP award level (currently Group CEO 300%, other executive directors 250%).

The Committee noted that LTIP awards of up to 400% of salary could be granted under the terms of our existing Remuneration Policy (approved by over 95% of shareholders at the AGM in 2021) in 'exceptional circumstances'. However, we have chosen to put an amended Policy to shareholders at the February 2022 AGM. While we recognise this will result in Policy votes in consecutive years, the Committee believes this is the right approach for three reasons: first, it avoids relying on the use of 'exceptional' provisions (which we recognise as a concern for some shareholders); second, it follows a more transparent process to seek shareholder approval for an increase in award size; and third, it also allows us to incorporate some additional best practice features which, as we know from our recent engagement, are important to our shareholders.

In addition, and reflecting the concerns some shareholders have around 'exceptional' provisions, we have removed the 'exceptional' LTIP award limit from the new Policy, such that the maximum LTIP award under any circumstances will remain at 400% of salary.

As a result, and after careful consideration, the 2022 Policy has increased the maximum LTIP award levels to 400% for the Group CEO and 350% for other executive directors. We are acutely aware of the potential sensitivity of increasing levels of executive remuneration in the current environment. The additional context which supported the Committee's decision is as follows:

- our preference is to align the package to market by increasing LTIP award levels, as this best meets the interests of our shareholders (being performance tested, long term and share based pay) rather than through increasing other elements of the package
- following the salary review to take effect from 1 January 2022, the salary for the Group CEO will remain below the market median and total compensation will be positioned around the market median
- we are also responding to competitive market pressures on the level of LTIP award in our broader management population. Increases will also be applicable to this population

LTIP award

The Committee propose to make LTIP awards to Mr Blakemore of 400% of salary, and to Mr Green and Mr Brown of 350% of salary, in line with the proposed 2022 Directors' Remuneration Policy. Awards would be made as soon as practicable after the AGM, subject to shareholder approval of the 2022 Policy. Awards will continue to be based on AFCF, ROCE and TSR, as these link to our strategy and the creation of shareholder value. Targets are significantly higher than those applied to the 2020-2021 award and have been calibrated such that they are, on a like for like basis, more closely aligned with the targets established for the last award made prior to the onset of the pandemic, i.e. the 2019-2020 award. This calibration of targets for the 2021-2022 LTIP award has been established before the Group has returned to pre-COVID revenue volumes. The Committee believes that the targets are suitably stretching and represent a fair alignment between the interests of executives and shareholder experience. Further details on the targets can be found on pages 164 and 165.

Shareholding guidelines

The level of share ownership will increase to 400% of salary for the Group CEO and 350% of salary for other executive directors, thus aligning with the increase to LTIP award levels. The terms of the guidelines will remain unchanged (the required level of executive shareholding is expected to be achieved from shares earned under bonus deferral or LTIP within a five year period, commencing from the date of appointment or date of increase in shareholding requirement, if later).

BOARD CHANGES

As previously announced, Karen Witts stepped down from the Board of Compass Group PLC on 31 October 2021 and the Committee agreed good leaver terms in line with our approved Remuneration Policy and best practice. The Committee also agreed the remuneration package for Palmer Brown, who joined the Board on 4 October 2021 and took on the role of Group CFO with effect from 1 November 2021. Further details on these arrangements are set out on page 172.

SHAREHOLDER ENGAGEMENT

The Committee values open, ongoing engagement with major shareholders and key institutional investor bodies. During the year, I had the opportunity to speak with many of our major institutional shareholders. The overall tone from shareholders was constructive and enabled us to understand what was important for the Committee to consider regarding the Company's response to the challenges faced as a result of the pandemic. The feedback we received helped the Committee to shape our final proposals.

As a Committee, we will continue to engage with shareholders and institutional investor bodies in the development of our remuneration policies and structures and will continue to emphasise the links to performance and to consider wider stakeholders in our deliberations.

CONCLUSION

The voting outcomes at the 2021 AGM in respect of the 2021 Policy and Remuneration Report for the year ended 30 September 2020 are set out on page 177. Both resolutions were strongly supported by shareholders and I believe this outcome is a measure of shareholder confidence in our measured and grounded approach to executive compensation.

I would like to express my appreciation to our major shareholders for engaging with us as we navigate through the challenges brought about by the COVID-19 pandemic. I hope that you will join the Board in supporting the resolution to approve the 2022 Policy.

CAROL ARROWSMITH
Chair of the Remuneration Committee

23 November 2021

COMMITTEE SUMMARY

GOVERNANCE

- the Committee consists entirely of independent non-executive directors, as defined in the UK Corporate Governance Code 2018 (the Code)
- the membership comprises Carol Arrowsmith, Chair of the Committee, and all other non-executive directors (except John Bason) in office at the date of this Directors' Remuneration Report (DRR). Biographical details of the current members of the Committee are set out on pages 89 to 91. Members of the Committee are appointed by the Board following recommendation by the Nomination Committee
- the Committee must meet at least twice a year. A quorum for a meeting is two
- only members of the Committee have the right to attend Committee meetings. The Group General Counsel and Company Secretary acts as Secretary to the Committee. The Group Chief People Officer and the Group Reward Director are typically invited to attend Committee meetings to advise on remuneration matters. The Chairman, Group CEO and Group CFO may also attend by invitation from time to time. None of the above attends meetings where their own remuneration is discussed or in other circumstances where their attendance would not be appropriate. Details of advisors to the Committee can be found on page 177
- the Committee is authorised to seek information from any employee of the Group to enable it to perform its duties and, if necessary, at the expense of the Company, can obtain legal or other independent professional advice on matters covered by its terms of reference
- the Chair of the Remuneration Committee attends the AGM to respond to any shareholder questions that might be raised on the Committee's activities

The terms of reference of the Committee are reviewed annually to ensure that they continue to be fit for purpose. They were last reviewed in September 2021. The Committee concluded that the terms of reference in their current form continued to be fit for purpose and no changes were made.

A copy of the Committee's terms of reference can be found on the Company's website www.compass-group.com.

For more information, scan the QR code.

COMMITTEE PERFORMANCE

The next externally facilitated three year evaluation process mandated by the Code is due in 2022. However, notwithstanding this is an interim year, this year's evaluation was also conducted with the assistance of the independent board effectiveness advisors, Lintstock. More details of the evaluation can be found in the Nomination Committee Report on page 123.

STRUCTURE AND CONTENT OF THE DIRECTORS' REMUNERATION REPORT

This DRR has been prepared on behalf of the Board by the Committee in accordance with the requirements of the Companies Act (CA 2006),The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 2013 regulations), The Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 regulations) and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (the 2019 regulations). The sections which follow cover the matters below:

- the Company's proposed Remuneration Policy effective from 3 February 2022 and for three years thereafter (the Policy Report) including:
  - how decisions on directors' remuneration will be made and the philosophy and strategy behind those decisions
  - the structure of remuneration packages for existing, departing and new directors
  - the impact of key performance measures on the potential value of remuneration
  - key contractual terms for existing and new directors
  - how the Policy was implemented in the year ended 30 September 2021 and how the Policy will be implemented in the next financial year (the Annual Remuneration Report)
  - how the Committee engaged with major shareholders during the year

Auditable disclosures are the:

- executive directors' single total figure of remuneration (page 161)
- non-executive directors' remuneration (pages 166 and 167)
- long term incentive awards (page 169)
- extant equity incentive awards held by executive directors (page 170)
- director changes during the year (page 171)
- directors' interests (page 171)

REMUNERATION AT A GLANCE

Our objective as a Remuneration Committee is to set the Company's Remuneration Policy, with responsibility for determining the remuneration terms and conditions of employment for the Chairman of the Board and members of the Executive Committee. We do this by:

- ensuring members of the Executive Committee are appropriately incentivised to enhance the Group's performance and are rewarded for their contribution to the success of the business
- reviewing the remuneration arrangements for other senior executives within the Group and having regard to the wider remuneration philosophy of the organisation when developing policy
- considering executives' packages and monitoring the relationship between them and those of the wider workforce
- maintaining active dialogue with shareholders and ensuring their views and those of their advisors are sought and considered when setting executive remuneration policy

SUMMARY OF THE 2022 DIRECTORS' REMUNERATION POLICY

FIXED PAY

Base salary, pension and benefits

Salary: Group CEO: £1,045,000; Group CFO: $970,000; Group COO, North America: $1,552,870 with effect from 1 January 2022.

Pension: Pension contributions for any new hires will be aligned with the wider UK workforce at 6% of salary. Compass is committed to a phased reduction of pension contributions for incumbent executive directors by the end of 2022. The Group CFO was appointed with a pension allowance of 6% of salary.

For Group CEO, reducing from **15%** *of salary to:*

On 1 Jan 2022 – 10%

On 31 Dec 2022 – 6%

For Group COO, North America, reducing from **28%** *of salary to:*

On 1 Jan 2022 – 18%

On 31 Dec 2022 – 6%

Benefits: Include healthcare insurance for executive directors and their dependants, limited financial advice, life assurance, car benefit and where appropriate international assignment support.

ANNUAL BONUS

Short term variable remuneration

- to incentivise and reward the achievement of stretching one year key performance targets
- maximum: 200% (Group CEO) and 150% (other executive directors) of salary. Awards subject to malus and clawback

CASH ELEMENT

ONE THIRD OF THE BONUS EARNED WILL BE DEFERRED FOR THREE YEARS

Mandatory deferral will apply from the 2022-2023 annual bonus year

LONG TERM INCENTIVE PLAN

Long term variable remuneration

- encourages delivery of longer term financial performance and shareholder value. Performance is measured during a three year period and shares vested will be held for another two years
- award size: 400% (CEO) and 350% (other executive directors) of salary

3 YEAR PERFORMANCE PERIOD

2 YEAR HOLDING PERIOD

Awards are subject to malus, clawback, and post employment holding requirements

KEY ACTIVITIES IN THE YEAR

Finalise the 2021 Policy

Following extensive consultation with key shareholders and other stakeholders, the Committee finalised the 2021 Policy for approval at the 2021 AGM.

Consider the impact of the pandemic on the operation of our Remuneration Policy

The Committee considered the impact of the pandemic on the operation of our Remuneration Policy and the alignment between the executives, the wider workforce, shareholders and other key stakeholders.

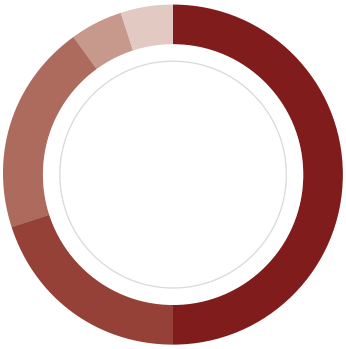
Propose changes to Remuneration Policy for 2022

The Committee has proposed a few changes to the Remuneration Policy for 2022 to better align with the market and to reflect other best practice arrangements.

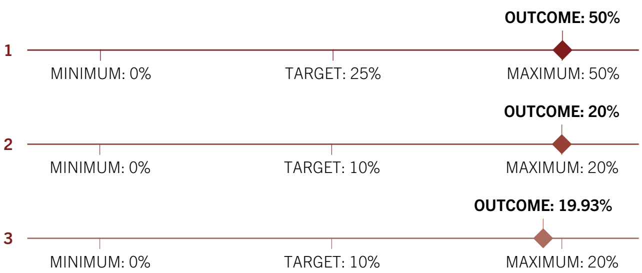
2021 OUTCOMES

ANNUAL BONUS

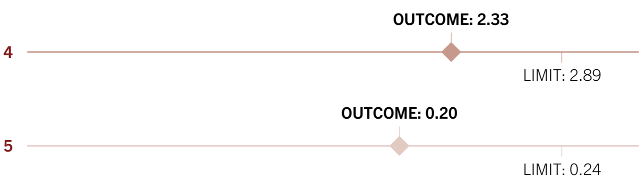
Outcomes of 2020-2021 award 99.93% for Group CEO
Further details can be found on pages 162 to 164



1: OPERATING MARGIN	50%
2: CASH CONVERSION	20%
3: ABSOLUTE REVENUE	20%
4: LTIFR	5%
5: FSIR	5%

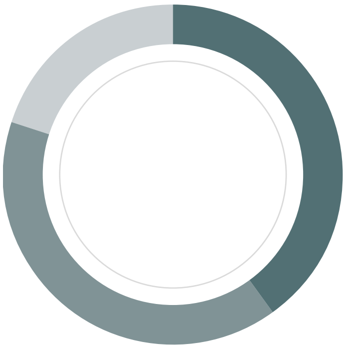


For the Health and Safety measures (LTIFR and FSIR), an outcome at or below the limits results in this element of bonus being paid in full:

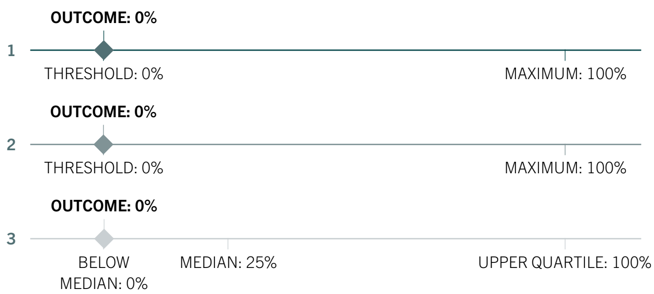


LONG TERM INCENTIVE PLAN

Outcomes of 2018-2019 award 0%
Further details can be found on pages 165 and 166

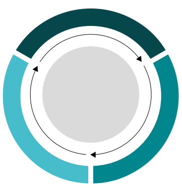


1: ROCE	40%
2: 3 YEAR CUMULATIVE AFCF	40%
3: RELATIVE TSR	20%



LINKING OUR REWARD AND BUSINESS STRATEGY

Our remuneration policy is designed to link directly to our Group strategic KPIs and how we measure our business performance.



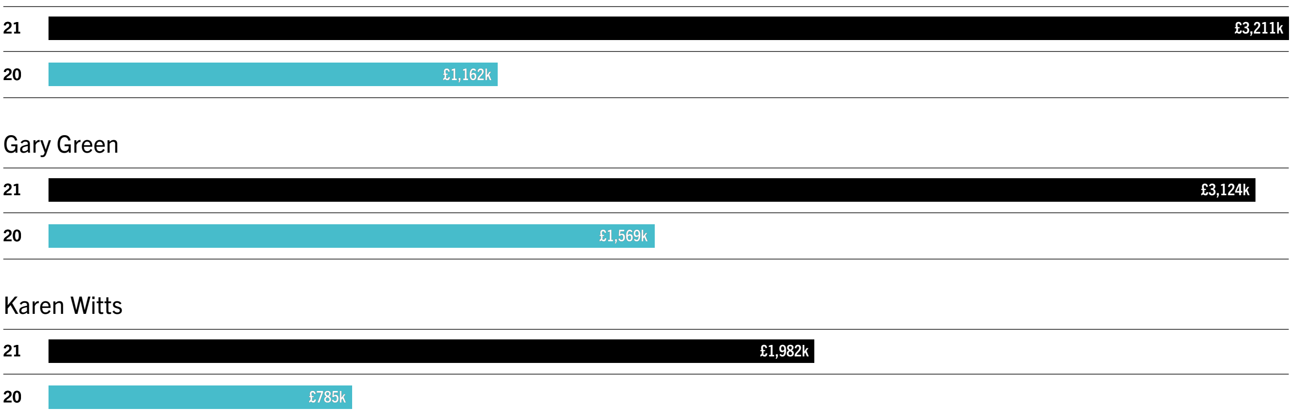
- organic revenue growth
- operating efficiencies
- competitive advantage
- people and purpose

ENGAGING WITH OUR WORKFORCE ON REMUNERATION

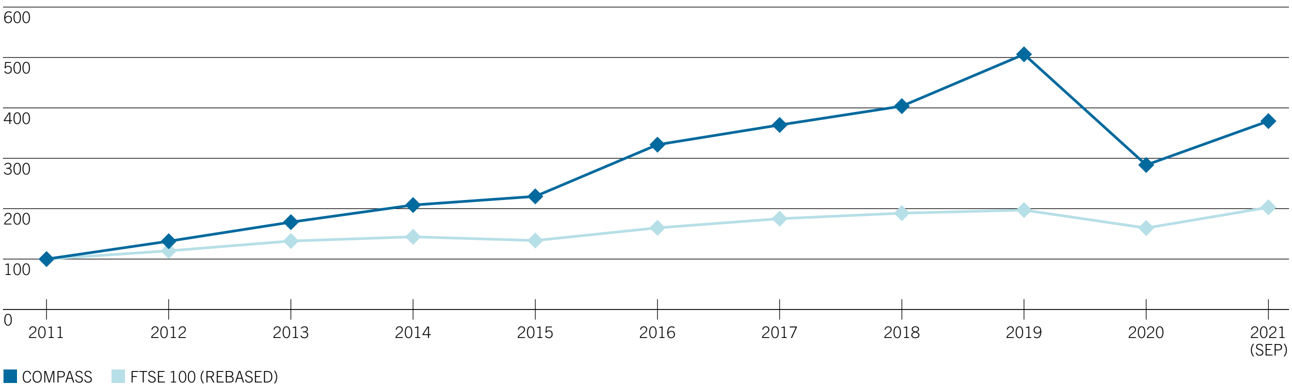
We are committed to both engaging with, and including, our employees in our remuneration structures. During the year, we considered the following key areas from our employee landscape dashboard:

- diversity
- turnover and headcount
- Speak Up, We're Listening reports
- engagement survey results
- health and safety outcomes
- minimum and living wage data
- pension plans
- incentive plans
- pay ratio reporting
- pay gap reporting

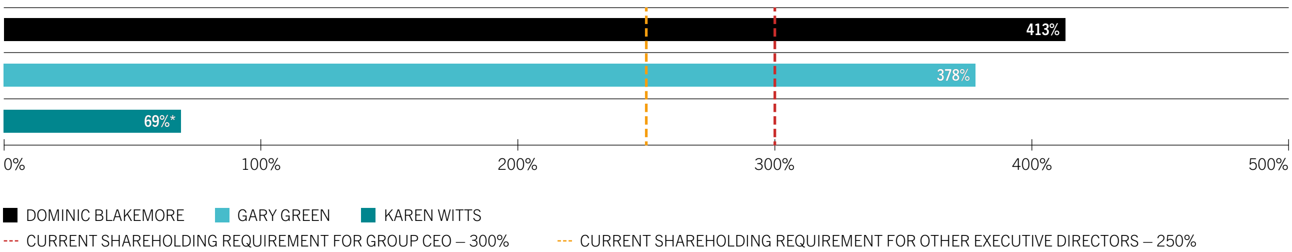
2021 EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION



TOTAL SHAREHOLDER RETURN INDICES – COMPASS VS FTSE 100



EXECUTIVE DIRECTORS' SHAREHOLDING



* Karen Witts was appointed Group CFO in 2019 and had five years from date of appointment to achieve the shareholding requirement.

REMUNERATION POLICY

This section of the Report sets out our new Directors' Remuneration Policy (the 2022 Policy). The 2022 Policy will take effect from 3 February 2022, subject to approval by shareholders at the Company's Annual General Meeting.

We consulted with shareholders extensively during 2020 when the 2021 Policy was being formulated to ensure that it aligned with their expectations. The conclusions of the 2020 review remain valid and therefore no major changes to remuneration structure are included in the new Policy. The amendments to the existing Policy allow us to increase LTIP awards to better align with the market and to ensure that we retain and motivate our best talent, as well as introduce some additional best practice features.

The main changes are:

- an increase to the multiple of salary used to determine future LTIP award quantum for executive directors (whilst remaining within the maximum award size under our current Remuneration Policy and removing the 'exceptional' maximum provision from our new Policy)
- the introduction of a mandatory deferral of one third of the annual bonus for executive directors
- an enhancement to our share ownership guidelines

The 2021 Policy will continue to apply until the 2022 Policy is approved at the AGM and the provisions of the 2018 and 2021 Policies will continue to apply to all the long term incentive awards (including any restricted share awards) granted under those Policies until those awards have vested or lapsed.

The 2022 Policy is designed to incentivise executives to deliver the Company's strategic objectives. A significant portion of remuneration is performance related, based on a selection of targets linked to key business drivers which can be measured and understood by both executives and shareholders.

The Committee may make minor amendments to the Policy (for example for tax, exchange control, regulatory or administrative purposes) without obtaining shareholder approval.

The Committee reserves the right to make any remuneration payments, and payments for loss of office (including any discretion available to it in connection with such payments), notwithstanding that they are not in line with the policy set out below where the terms of the payment were agreed: (i) before 4 February 2021 (the date the Company's previous directors' remuneration policy approved by shareholders in accordance with section 439A of the Companies Act came into effect); (ii) before the 2022 Policy 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 (iii) 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 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.

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 will be aligned to the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary). Pension contributions for current executive directors will be aligned to this rate over time. Mr Blakemore's pension allowance of 15% of salary will reduce to 10% on 1 January 2022 and 6% on 31 December 2022. Mr Green's pension allowance of 28% of salary will reduce to 18% on 1 January 2022 and 6% on 31 December 2022. Mr Brown is eligible to participate in the local US arrangements with Company contributions capped at 6% of salary.	None.

COMPONENT PARTS OF THE REMUNERATION PACKAGE CONTINUED

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. For 2021-2022, bonus will be deferred when share ownership guidelines have not been met, usually with a minimum level of deferral of one third of the bonus earned and typically deferred for a period of three years. With effect from the 2022-2023 bonus plan year, one third of the bonus for executive directors will be subject to mandatory deferral for a period of three years. Dividend equivalents may be accrued on Deferred Bonus Shares.	The maximum award for the Group CEO is 200% of base salary and for the other executive directors it is 150% of base salary. 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 2021-2022 are shown in the Annual Remuneration Report on page 168.

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 their 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 Chief Executive: 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 achievement and 25% of that element of the award will vest if performance is at the median. Awards will vest on a straight line basis between median and top quartile performance achievement. No shares will be released for this element of an award if the Company's TSR performance is below the median.	Performance is measured over three financial years. Performance measures for the 2021-2022 award are ROCE, AFCF and 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 LTIP award to be made in 2021-2022 are set out as required in the Annual Remuneration Report on page 169. 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 155 (known as The Compass Group PLC Long Term Incentive Plan 2018) is the primary form of equity incentive for executive directors.

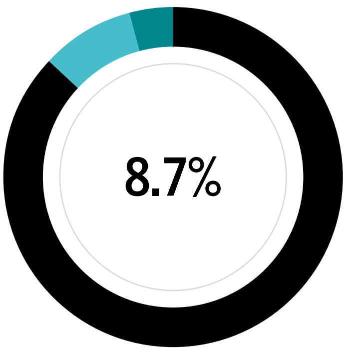
DILUTION LIMITS

All of the Company's equity based incentive plans incorporate the current Investment Association's Principles of Remuneration on headroom which provide that overall dilution under all plans should not exceed 10% over a 10 year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any 10 year period for executive plans.

The Committee monitors the position regularly and prior to making an award, ensures that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. On 30 September 2021, the Company held 1,371,784 treasury shares. During the financial year ended 30 September 2021, 242,331 shares were purchased in the market by the trustees of The Compass Group PLC All Share Schemes Trust. 163,563 treasury shares and 204,161 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 2021, the Company's headroom position, which remains within the current Principles, was as shown in the charts below:

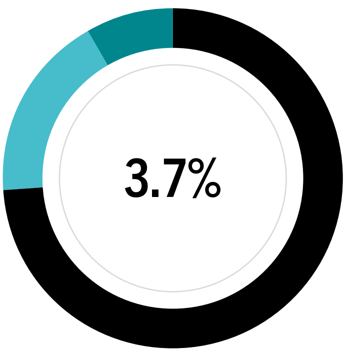
HEADROOM AS AT 30 SEPTEMBER 2021

10% IN 10 YEARS



HEADROOM	8.7%
LTIP	0.89%
DISCRETIONARY OPTIONS	0.41%

5% IN 10 YEARS



HEADROOM	3.7%
LTIP	0.89%
DISCRETIONARY OPTIONS	0.41%

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.

The proposed share ownership guideline requirement is to build up and maintain a personal shareholding of 400% of base salary for the Group CEO and 350% for all other executive directors.

The shareholding guideline may be achieved by executive directors retaining shares received as a result of participating in the Company's share plans. The guidelines specifically exclude the need to make a personal investment should awards not vest. The required level of executive shareholding is expected to be achieved within a five year period, commencing from the date of appointment or date of increase in shareholding requirement, whichever is the later.

Directors' shareholdings are reviewed annually by the Committee to ensure that directors are on course to achieve their guideline shareholding within the period required. However, if it becomes apparent to the Committee that the guidelines are unlikely to be met within the timeframe, then the Committee will discuss with the director a plan to ensure that they are met over an acceptable timeframe. The Committee reserves the right to make the granting of future LTIP awards to an executive director conditional upon reaching the appropriate threshold in the required timeframe. For annual bonus awards for executive directors for periods commencing on or after 1 October 2022, a minimum of one third of their annual bonus earned will be deferred into shares for three years.

A post employment shareholding requirement was implemented under the share ownership guideline policy for executive directors and applies to awards acquired after the effective date of the 2021 Policy (4 February 2021). The Policy requires executive directors to hold the lower of (i) their shareholding at the date of termination of employment; or (ii) shares equivalent to their share ownership guideline at that date, for a period of two years post employment.

Non-executive directors are required to build up and retain a personal shareholding equal to the value of their base fee over four years. Non-executive directors are generally expected to purchase shares equating to a minimum value of one third of their net of tax fee each year until the guideline is met.

Details of the interests of directors in shares and equity incentives are set out on page 171, together with the extent to which each of the directors has complied with the share ownership guidelines as at 30 September 2021.

ILLUSTRATIONS OF APPLICATION OF THE PROPOSED 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.

DOMINIC BLAKEMORE
Total remuneration

	Fixed pay	Annual bonus	LTIP	£ 000
MINIMUM	100%			£1,162
TARGET	27%	24%	49%	£4,262
MAXIMUM	16%	28%	56%	£7,162
MAXIMUM +50% SHARE PRICE GROWTH	13%	22%	65%	£9,162

GARY GREEN[1]
Total remuneration

	Fixed pay	Annual bonus	LTIP	£ 000
MINIMUM	100%			£1,405
TARGET	33%	19%	48%	£4,221
MAXIMUM	20%	24%	56%	£6,847
MAXIMUM +50% SHARE PRICE GROWTH	16%	19%	65%	£8,751

1. Gary Green is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of \$1.3653/£1.

PALMER BROWN[1]
Total remuneration

	Fixed pay	Annual bonus	LTIP	£ 000
MINIMUM	100%			£811
TARGET	31%	20%	49%	£2,650
MAXIMUM	19%	24%	57%	£4,364
MAXIMUM +50% SHARE PRICE GROWTH	14%	19%	67%	£5,607

1. Palmer Brown is paid in US dollars. For reporting purposes, this pay is converted into sterling at an exchange rate of \$1.3653/£1.

■ FIXED PAY ■ ANNUAL BONUS ■ LTIP

The scenarios in the graphs are as follows:

- fixed pay includes:
  - annual base salary as at 1 October 2021, or date of appointment if later
  - value of benefits as noted in the single figure table on page 161. The equivalent figure has been calculated for Mr Brown for this purpose
  - pension cash allowance, where appropriate reflecting the phase down arrangements on page 149
- annual bonus is shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively
- LTIP is shown as a maximum of base salary, with minimum, target and maximum performance shown as 0%, 52.5% and 100% respectively. Target payout of 52.5% is based on AFCF and ROCE performance measures vesting at 50% of maximum and the TSR measure vesting at 62.5% of maximum (midway between threshold and maximum payout)
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting
- no dividend accrual has been incorporated in the values relating to the LTIP

APPROACH TO RECRUITMENT REMUNERATION

The Committee will apply the 2022 Policy when considering the recruitment of a new executive director in respect of base salary, pension and benefits, and short and long term incentives. Executive directors will be provided with a pension cash allowance (or contribution) in line with the maximum level of pension provided to the majority of the wider UK workforce (currently 6% of base salary). It is envisaged that the maximum level of variable remuneration which may be granted to a new executive director would be within plan rules and consistent with the 2022 Policy maximum opportunity for existing executive directors and the Group CEO.

Other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of aiming to minimise the cost to the Company. The policy for the recruitment of executive directors includes the facility to provide a level of compensation for forfeited remuneration arrangements from an existing employer, if these are required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate the recruitment of a particular individual would be intended to be of comparable form, timing, commercial value to the benefits forfeited, and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares. However, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the original awards. Where an executive director is appointed from either within the Group or following corporate activity/reorganisation, the normal policy would be to honour any legacy incentive arrangements to run off in line with their original terms and conditions.

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 Mr 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. Mr 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 Mr Blakemore and Mr Brown fully comply with the policy in effect from June 2008. All executive directors' service contracts impose a clear obligation to mitigate such payment should a departing executive director take on new employment or receive alternative remuneration.

Mr 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 Mr 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 2021
Dominic Blakemore	12 Dec 2011 7 Nov 2017[1]	9 years, 7 months
Gary Green	29 Dec 2006 27 Nov 2007[2]	14 years, 9 months
Palmer Brown[3]	3 Oct 2021	0 years, 0 months

1. Appointment was formally revised from 1 October 2017.
2. Appointment was formally revised from 1 November 2007.
3. Appointed to the Board on 4 October 2021.

CHAIRMAN

The fee for the Chairman is reviewed annually by the Committee with any increase normally taking effect on 1 October. The Chairman is not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business travel are reimbursed. The Chairman'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 Chairman. Mr Meakins succeeded Paul Walsh as Chairman on 1 December 2020. Fees paid to Mr Meakins and Mr Walsh for the year ended 30 September 2021 are set out on page 166.

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, undertaking the role of Senior Independent Director (SID). An additional fee may be payable for the role of Designated Non-executive director for workforce engagement. Non-executive directors are not eligible for pension scheme membership, bonus, incentive arrangements or other benefits, save reimbursement of travel costs and associated tax due if applicable. Fees paid for the year ended 30 September 2021 are set out on page 167.

Non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable at three year intervals by mutual consent. In accordance with the Code, all directors offer themselves for annual re-election by shareholders. Details of the appointments of non-executive directors (in office at the date of this DRR) which are terminable without compensation are set out in the table opposite, together with the dates on which their appointments have been formally revised.

Non-executive director	Original date of appointment	Letter of engagement	Total length of service as at 30 Sep 2021
Carol Arrowsmith	1 Jun 2014	14 May 2014 8 Mar 2017[1] 19 Mar 2020[1]	7 years, 4 months
John Bason[2]	21 Jun 2011	10 May 2011 8 May 2014[1] 8 Mar 2017[1] 23 Sep 2020[1]	10 years, 3 months
Stefan Bomhard	5 May 2016	5 May 2016 13 Mar 2019[1]	5 years, 4 months
John Bryant	1 Sep 2018	17 May 2018 12 May 2021[1]	3 years, 1 month
Arlene Isaacs-Lowe[3]	1 Nov 2021	22 Oct 2021	0 years, 0 months
Ian Meakins	1 Sep 2020	17 Aug 2020	1 year, 1 month
Anne-Francoise Nesmes	1 Jul 2018	17 May 2018 12 May 2021[1]	3 years, 3 months
Nelson Silva	16 Jul 2015	16 Jul 2015 8 Mar 2018[1] 19 Mar 2021[1]	6 years, 2 months
Ireena Vittal	16 Jul 2015	16 Jul 2015 8 Mar 2018[1] 19 Mar 2021[1]	6 years, 2 months

1. Date on which appointment was formally revised.
2. John Bason stepped down as a member of the Committee at the conclusion of the 2021 AGM and will not seek re-election as a director at the 2022 AGM.
3. Appointed to the Board on 1 November 2021.

ANNUAL REMUNERATION REPORT

IMPLEMENTATION OF THE 2021 POLICY DURING THE YEAR ENDED 30 SEPTEMBER 2021

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 2021.

	Dominic Blakemore		Gary Green		Karen Witts	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Fixed pay						
Base salary[1]	**1,000**	894	**1,084**	1,045	**674**	619
Taxable benefits[2]	**50**	69	**93**	118	**28**	32
Pension[3]	**162**	199	**327**	406	**110**	134
Total fixed pay	**1,212**	1,162	**1,504**	1,569	**812**	785
Performance related pay						
Bonus[4]	**1,999**	–	**1,620**	–	**1,010**	–
LTIP[5]	**–**	–	**–**	–	**–**	–
Restricted shares[6]	**–**	–	**–**	–	**160**	–
Total long term incentives	**–**	–	**–**	–	**160**	–
Total variable pay	**1,999**	–	**1,620**	–	**1,170**	–
Single total figure of remuneration	**3,211**	1,162	**3,124**	1,569	**1,982**	785

1. For 2019-2020 a reduction in base salary in respect of COVID-19 was in place for six months of the year. Gary Green's base salary and other emoluments are shown in sterling at an exchange rate of $1.3653/£1 (2020: $1.2814/£1). Mr Green's salary payment in October 2020, covering the period of 21 September 2020 to 20 October 2020, was $5,629 less than his monthly payments for the rest of the year. This reflects a period of payment partially attributable for the 2019-2020 financial year under which the executive directors had voluntarily elected to take a salary reduction of 12.5%. Consequently, the figure for his actual total salary received is slightly lower than his annual entitlement.
2. Taxable benefits comprise healthcare insurance, limited financial advice, life assurance and car benefit.
3. Refers to a cash allowance paid to each executive director in monthly instalments in lieu of pension participation, in line with the Policy. Under the Policy, the allowance receivable by the executive directors is being reduced on a phased basis such that, by 31 December 2022, it will be aligned with the maximum contribution available to the majority of employees in the UK wider workforce. See page 149 for further detail.
4. In line with the 2021 Remuneration Policy, the bonus for Dominic Blakemore and Gary Green was paid in cash. For Karen Witts, one third of the amount shown will be delivered in the form of deferred shares vesting over a period of three years with no further performance conditions, with the remainder in cash. Details of the performance achieved is shown on pages 162 to 164.
5. The LTIP award due to vest on 23 November 2021, lapsed in full as the performance conditions were not met. Details of the performance measures and performance achieved are shown on pages 165 to 166.
6. Mrs Witts was granted an award over 62,973 shares under the Karen Witts Restricted Share Award Plan on 16 May 2019 in recognition of awards forfeited at her previous employer. The final tranche (21,366 shares) will vest as follows in respect of the financial underpins: 50% (10,683 shares) will vest in respect of the net debt to EBITDA ratio and the remaining 50% will lapse. The value shown is based on the average share price between 1 July 2021 and 30 September 2021 (£14.94), none of which is attributable to share price appreciation.

BASE SALARY

The annual rate of base salary for each executive director for the year ended 30 September 2021 is set out below:

Director	Base salary	Effective date	Increase	Reason
Dominic Blakemore	£1,000,000	1 January 2021	–	The Committee took into consideration the wider stakeholder experience, including employees, shareholders, clients and the communities in which we operate and concluded that it was appropriate for salaries to remain unchanged in 2021.
Gary Green	$1,486,000	1 January 2021	–	
Karen Witts	£674,000	1 January 2021	–	

PENSIONS

At 30 September 2021, 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 2021 Policy, the allowance receivable by the executive directors is being reduced on a phased basis such that, by 31 December 2022, it will be aligned with the maximum contribution available to the majority of employees in the UK wider workforce.

During the year, the pension cash allowance for each director reduced as set out below:

Director	Pension cash allowance effective 1 Oct 2020	Pension cash allowance effective 1 Jan 2021	Average pension cash allowance received during the year
Dominic Blakemore	20%	15%	16.25%
Gary Green	35%	28%	29.75%
Karen Witts	20%	15%	16.25%

ANNUAL BONUS PLANS

2020-2021 bonus

The bonus targets and outcomes for the year ended 30 September 2021 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 AFCF and PBIT 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.

2020-2021 BONUS STRUCTURE, PERFORMANCE MEASURES, TARGETS AND OUTCOMES

Structure

The Committee made a number of changes to the bonus plan for the 2020-2021 financial year. These changes were designed to align the plan to our recovery strategy as we navigate the period of business disruption, and to establish targets that are achievable, fair and within management's control.

The 2020-2021 plan includes the following measures:

- operating margin % – this demonstrates the efficiency of our operations in delivering great food and support services. The operating margin can be managed to reflect the revenue level, and is therefore a more appropriate measure in a period where volumes and revenues are difficult to predict
- cash conversion % – this demonstrates our ability to convert profit into cash – by setting a target percentage of profit to be converted to cash. Regardless of absolute profit, it aims to ensure a certain conversion rate is achieved and incorporates key levers under management control
- absolute revenue – this embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels that take into account input cost inflation
- HSE measures remain unchanged, however for 2020-2021 they equate to 10% of the plan, emphasising our commitment to our health and safety culture

The bonus structure for 2020-2021 is set out below:

Measure[1]	Weighting
Operating margin	50%
Cash conversion	20%
Absolute revenue	20%
HSE[2]	10%
Total	100%

1. All measures are assessed at a Group level with the exception of the bonus for Gary Green where all measures (save for 5% of Group operating margin) are measured by reference to regional North American performance.
2. The HSE measures are Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR), weighted equally.

Performance measures and targets

When determining the performance measures and targets for the 2020-2021 bonus plan, the Committee concluded that it would be difficult to set full year targets and therefore took the decision to set two independent half year and full year bonus targets for absolute revenue and operating margin. The cash conversion and HSE measures are measured at the financial year end.

The outcomes against the targets are set out below:

Dominic Blakemore and Karen Witts

Half Year

Financial measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin[2]	25%	1.42%	2.12%	2.82%	3.49%
Group absolute revenue[3]	10%	£7,972m	£8,392m	£8,812m	£8,914m

Full Year

Financial measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin[2]	25%	2.58%	3.28%	3.98%	4.51%
Group absolute revenue[3]	10%	£17,362m	£18,276m	£19,190m	£19,177m
Group cash conversion[4]	20%	59.95%	64.95%	69.95%	118.92%

Group HSE Improvement	Weighting	Limit	Achieved
Lost Time Incident Frequency Rate	5%	2.89	2.33
Food Safety Incident Rate	5%	0.24	0.20

Gary Green

Half Year

Financial measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin[2]	2.5%	1.42%	2.12%	2.82%	3.49%
Regional operating margin[5]	22.5%	2.22%	3.22%	4.22%	4.76%
Regional absolute revenue[6]	10%	£4,984m	£5,246m	£5,508m	£5,467m

Full Year

Financial measures[1]	Weighting	Minimum	Par (target)	Maximum	Achieved
Group operating margin[2]	2.5%	2.58%	3.28%	3.98%	4.51%
Regional operating margin[5]	22.5%	3.25%	4.25%	5.25%	5.45%
Regional absolute revenue[6]	10%	£9,988m	£10,554m	£11,121m	£11,887m
Regional cash conversion[7]	20%	86.23%	91.23%	96.23%	125.67%

North America HSE improvement	Weighting	Limit	Achieved
Lost Time Incident Frequency Rate	5%	4.29	3.85
Food Safety Incident Rate	5%	0.11	0.04

Measure	Dominic Blakemore % of performance target achieved	Gary Green % of performance target achieved	Karen Witts % of performance target achieved
Group operating margin[2]	50/50	5/5	50/50
Group absolute revenue[3]	19.93/20	–	19.93/20
Group cash conversion[4]	20/20	–	20/20
Regional operating margin[5]	–	45/45	–
Regional absolute revenue[6]	–	19.21/20	–
Regional cash conversion[7]	–	20/20	–
HSE	10/10	10/10	10/10
Total	99.93/100	99.21/100	99.93/100

Notes to bonus tables:

1. Financial targets for 2020-2021 bonus purposes are all set and measured at 2021 foreign exchange budget rates not actual rates.
2. Group operating margin is based on the absolute underlying revenue and underlying operating profit excluding share of profit after tax from associates.
3. Group absolute revenue is the absolute underlying revenue for the Group.
4. Group cash conversion is the underlying cash flow expressed as a percentage of the underlying operating profit for the Group.
5. Regional operating margin is based on the absolute underlying revenue and underlying operating profit excluding share of profit after tax from associates for the North American business.
6. Regional absolute revenue is the absolute underlying revenue for the North American business.
7. Regional cash conversion is the underlying cash flow expressed as a percentage of the underlying operating profit for the North American business.

2020-2021 BONUS PAYOUTS

The table below shows the payout to each executive director for the year:

	2020-2021 bonus payment as % of base salary as at 30 Sep 2021	Value of bonus
Dominic Blakemore	199.9%	£1,998,600
Gary Green	148.8%	$2,211,391
Karen Witts	149.9%	£1,010,292

LONG TERM INCENTIVE AWARDS

Scheme interests awarded during the year

2020-2021 LTIP award

During the year ended 30 September 2021, executive directors received a conditional award of shares which may vest after a three year performance period which will end on 30 September 2023, based on the achievement of stretching performance conditions. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. Award levels were scaled back to reflect recent share price movement prior to the grant, and to avoid the potential for windfall gains. The maximum levels achievable under these awards are set out in the table below:

Director	Type of award	Usual LTIP award (as a % of base salary)	Usual value of award[1] £000	Scale back level (as a % of base salary)	Resulting LTIP award (as a % of base salary)	Resulting value of award[1] £000	Number of shares awarded[2]
Dominic Blakemore	LTIP 2018	300%	3,000	30%	270%	2,700	195,907
Gary Green	LTIP 2018	250%	2,786	25%	225%	2,507[3]	181,939
Karen Witts	LTIP 2018	250%	1,685	25%	225%	1,516	110,034

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 2020, being £13.78.
3. Face value of award was converted to sterling at the time of award at an exchange rate of $1.3334/£1.

Executive directors are required to hold vested awards for a period of two years following vesting so as to strengthen the long term alignment of executives' remuneration packages with shareholders' interests and, if required, to facilitate the implementation of provisions related to clawback.

In setting the performance targets, the Committee considers internal budgets and the Group's strategic plan, market expectations and general economic conditions.

ROCE and AFCF targets

Level of performance	Vesting % of each component	ROCE	AFCF
Threshold	0%	12.56%	£1,215m
Par (target)	50%	13.06%	£1,350m
Maximum	100%	13.56%	£1,485m

TSR target

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

Definition of measure
ROCE The definition aims to measure the underlying economic performance of the Group. ROCE is calculated at the end of the three year performance period as net underlying operating profit after tax (NOPAT) divided by 12 month average capital employed.
Adjusted FCF The definition aims to measure the cash generation of the Group and is calculated as the three year cumulative underlying FCF adjusted for constant currency.
TSR Performance is compared to that of constituent members of the FTSE 100 (excluding the financial services sector). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three year performance period).

Scheme interests vesting during the year

2018-2019 LTIP award

Awards were made to Dominic Blakemore, Gary Green and Karen Witts in 2018-2019, which were subject to achievement of three year performance targets for the year ended 30 September 2021. Performance conditions were ROCE, AFCF and Relative TSR, weighted 40%, 40% and 20% respectively. The targets and outcomes are set out below:

ROCE target

Level of performance	Threshold	Maximum	Achieved
Vesting % of component	0%	100%	0%
As at date of award	18.21%	19.21%	–
Reconciled at the end of the performance period[1]	18.48%	19.48%	8.3%

AFCF target

Level of performance	Threshold	Maximum	Achieved
Vesting % of each component	0%	100%	0%
AFCF	£2,873m	£3,175m	£2,186m

TSR target

Level of performance	Below median	Median	Upper quartile	Achieved
Vesting % of each component	0%	25%	100%	0%[2]

1. ROCE targets are updated at the end of the performance period to reflect actual acquisition spend, changes in accounting standards and constant currency.
2. TSR ranking was 49th out of the 74 constituents in the comparator group.

The Committee applied the established framework to deal with items that were unforeseen at the time the targets were set in 2018-2019 and which were in the long term interests of shareholders.

None of the performance measures were met at the end of the three year performance period, such that the LTIP awards made in the 2018-2019 year lapsed in full.

	Performance conditions					
Director	ROCE % vested on maturity	AFCF % vested on maturity	TSR % vested on maturity	Number of shares awarded	Number of shares lapsed	Value of shares on vesting £000
Dominic Blakemore	0%	0%	0%	161,385	161,385	0
Gary Green	0%	0%	0%	162,810	162,810	0
Karen Witts	0%	0%	0%	120,880	120,880	0

HISTORIC LTIP AWARD VESTING

The table below sets out the percentage of each LTIP award made to executive directors within the last five years which has vested:

Year of award	Maturity date	Performance conditions	ROCE % vested on maturity	AFCF % vested on maturity	TSR % vested on maturity
2018-2019	1 Oct 2021	ROCE/AFCF/TSR	0%	0%	0%
2017-2018	1 Oct 2020	ROCE/AFCF/TSR	0%	0%	0%
2016-2017	1 Oct 2019	ROCE/AFCF/TSR	100%	100%	100%
2015-2016	1 Oct 2018	ROCE/AFCF/TSR	84.9%	100%	100%
2014-2015	1 Oct 2017	ROCE/AFCF/TSR	23.5%	100%	100%

NON-EXECUTIVE DIRECTORS' REMUNERATION

The fee for the Chairman is reviewed annually by the Committee with any increase taking effect on 1 October. The fee paid to Paul Walsh for the year ended 30 September 2021 was £575,000 per annum prorated for his time in office from 1 October to 30 November 2020. Mr Walsh stepped down as Chairman of the Company on 30 November 2020. His successor, Ian Meakins, was appointed as a non-executive director on 1 September 2020 and succeeded Mr Walsh as Chairman on 1 December 2020. For the period from 1 September 2020 to 30 November 2020, Mr Meakins was paid a base fee of £88,000 per annum prorated, details of which can be found on page 167.

On assuming the role of Chairman, Mr Meakins' fee was increased to £525,000 per annum inclusive of any Board committee memberships, prorated for his time in office from 1 December 2020 to 30 September 2021.

Details of amounts received by Ian Meakins and Paul Walsh during the year ended 30 September 2021 are shown below:

Chairman	Fees[1] £000	Benefits[1] £000	**Total 2021 £000**	Total 2020 £000
Ian Meakins	438	–	**438**	–
Paul Walsh[2]	96	–	**96**	529

1. Fees and benefits paid to Mr Meakins and Mr Walsh have been prorated to reflect their time in office as Chairman during the financial year ended 30 September 2021.
2. The fees paid to Mr Walsh for year ended 30 September 2020 were reduced by 25% for the period from 1 April to 30 June 2020 and 12.5% for the period from 1 July to 30 September 2020 to reflect the wider stakeholder experience as a result of COVID-19.

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 2021 was £88,000 which includes membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees (as appropriate).

An additional fee of £30,000 per annum is payable where a non-executive director acts as Chair of the Audit, Remuneration or Corporate Responsibility Committee and an additional fee of £30,000 per annum is also payable to the director nominated as SID.

Details of the amounts received by each of the non-executive directors in office for the year ended 30 September 2021 are set out below:

Non-executive director	Fees £000	Benefits[1] £000	**Total 2021 £000**	Total 2020[2] £000
Carol Arrowsmith	118	–	**118**	125
John Bason[3]	109	–	**109**	140
Stefan Bomhard	88	–	**88**	86
John Bryant[3]	108	–	**108**	128
Ian Meakins[4]	15	–	**15**	6
Anne-Francoise Nesmes[3]	108	–	**108**	91
Nelson Silva	118	–	**118**	127
Ireena Vittal	88	–	**88**	94

1. Travel costs relating to attending Board meetings held in the UK are treated as a benefit. Meetings were held virtually in the year due to the pandemic and no such costs were incurred.
2. The fees paid to the non-executive directors for year ended 30 September 2020 were reduced by 25% for the period from 1 April to 30 June 2020 and 12.5% for the period from 1 July to 30 September 2020 to reflect the wider stakeholder experience as a result of COVID-19.
3. John Bason stepped down as the SID and Chair of the Audit Committee and as a member of the Remuneration and Audit Committees at the conclusion of the 2021 AGM and was succeeded by John Bryant as SID and Anne-Francoise Nesmes as Chair of the Audit Committee from that date, and their respective fees for the year reflect these changes.
4. Ian Meakins was appointed to the Board and the Nomination and Corporate Responsibility Committees on 1 September 2020. Succeeded Paul Walsh as Chairman on 1 December 2020 and therefore fees paid as a non-executive director have been prorated for time in role.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE 2021-2022 FINANCIAL YEAR

A summary of how the Directors' Remuneration Policy will be applied during the 2021-2022 financial year is set out below.

BASE SALARY

The base salaries for the executive directors with effect from 1 January 2022, as determined by the Committee, are set out in the table below.

	With effect from 1 January 2022	Effective from 1 January 2021[1]	% change
Dominic Blakemore	**1,045,000**	£1,000,000	4.5%
Gary Green	**1,552,870**	$1,486,000	4.5%
Palmer Brown	**$970,000**	$970,000	0%

1. Or date of appointment, if later.

The Committee reviewed base salaries in the context of the Group's strong performance in the year, our relative market positioning when measured against companies of appropriate size, scale and complexity and also took into account the average salary increase in the wider employee population. The base salary increase percentage for each executive director is lower than the average percentage increase for the wider UK population.

PENSION

In line with the Remuneration Policy, the pension cash allowance for each executive director is being reduced on a phased basis to align with the maximum rate available to the majority of the wider UK workforce (currently 6% of base salary). The details of this phased reduction, including the applicable pension cash allowance rate (as a % of base salary) with effect from 1 January 2022, for each executive director is shown in the table below.

	Effective 1 Jan 2021	**Effective 1 Jan 2022**	Effective 31 Dec 2022
Dominic Blakemore	15%	**10%**	6%
Gary Green	28%	**18%**	6%

Palmer Brown was appointed in line with the 2021 Policy with a pension allowance of 6% of salary.

ANNUAL BONUS PLAN 2021-2022

For the 2021-2022 financial year, the maximum bonus opportunities for each executive director will be in line with the Remuneration Policy, as shown in the table below:

	% salary
Dominic Blakemore	200%
Gary Green	150%
Palmer Brown	150%
Karen Witts[1]	150%

1. Karen Witts' bonus will be prorated for her time in office as an executive director for the period of 1 October to 31 October 2021.

The 2021-2022 Plan will continue to be based on the following measures, aligned to the recovery strategy:

- operating margin % – this demonstrates the efficiency of our operations in delivering great food and support services. The operating margin can be managed to reflect the revenue level, and is therefore a more appropriate measure in a period where volumes and revenues are difficult to predict
- cash conversion % – this demonstrates our ability to convert profit into cash – by setting a target percentage of profit to be converted to cash. Regardless of absolute profit, it aims to ensure a certain conversion rate is achieved and incorporates key levers under management control
- absolute revenue – this embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels that take into account input cost inflation
- HSE measures – emphasising our commitment to our health and safety culture

The weighting for each measure will be as follows:

Measure[1]	Weighting
Operating margin	50%
Cash conversation	20%
Absolute revenue	20%
HSE[2]	10%
Total	100%

1. All measures are assessed at 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 American performance.
2. The HSE measures are Lost Time Incident Frequency Rate (LTIFR) and Food Safety Incident Rate (FSIR), weighted equally.

The Committee has chosen not to disclose the details of the targets in this DRR, as it is the opinion of the Committee they are commercially sensitive. However, the specific targets and the extent to which the targets have been met (both at Group and regional levels) will be disclosed in next year's DRR.

LONG-TERM INCENTIVE PLAN AWARD 2021-2022

The Committee intends to grant LTIP awards to the executive directors during the financial year 2021-2022, with award levels in line with the 2022 Policy, subject to shareholder approval. Awards will be made as soon as practicable, following the AGM, as shown in the following table:

	% salary
Dominic Blakemore	**400%**
Gary Green	**350%**
Palmer Brown	**350%**

The extent to which these LTIP awards will vest will be dependent on performance assessed over the three financial years to FY2024, using the following three performance measures, and with targets as shown in the table below.

Definition measure
ROCE The definition aims to measure the underlying economic performance of the Group. ROCE is calculated at the end of the three year performance period as net underlying operating profit after tax (NOPAT) divided by 12 month average capital employed (where capital employed is defined as total equity shareholders funds adjusted for net debt and post employment benefit obligations).
Adjusted FCF The definition aims to measure the cash generation of the Group and is calculated as the three year cumulative underlying FCF adjusted for constant currency.
TSR Performance is compared to that of constituent members of the FTSE 100 (excluding the financial services sector). TSR is the aggregate of share price growth and dividends paid (assuming reinvestment of those dividends in the Company's shares during the three year performance period).

Measure	Weighting (% of award)	Threshold	Par (target)	Maximum
Return On Capital Employed (ROCE)	40%	17.05%	17.55%	18.05%
Vesting (of this component)		0%	50%	100%
Adjusted Free Cash Flow (AFCF)	40%	£2,570m	£2,705m	£2,840m
Vesting (of this component)		0%	50%	100%
Relative Total Shareholder Return (TSR)	20%	Median	–	Upper quartile
Vesting (of this component)		25%	–	100%

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

Targets are significantly higher than those applied to the 2020-2021 award and have been calibrated such that they are, on a like for like basis, more closely aligned with the targets established for the last award made prior to the onset of the pandemic, i.e. the 2019-2020 award. This calibration of targets for the 2021-2022 LTIP award has been established before the Group has returned to pre-COVID revenue volumes. The Committee believes that the targets are suitably stretching and represent a fair alignment between the interests of executives and shareholder experience.

In line with the Policy, executive directors are required to hold vested awards for a period of two years following vesting so as to strengthen the long term alignment of executives' remuneration packages with shareholders' interests; and, if required, to facilitate the implementation of provisions related to clawback. For any awards made after 4 February 2021 a two year post employment shareholding requirement also applies to these awards.

NON-EXECUTIVE DIRECTOR FEES

The fees for non-executive directors for financial year 2021-2022 are set out below. Following a review of the market, the fee for the Chairman was increased from £525,000 to £537,500 (2.4%) with effect from 1 October 2021. The base fee for non-executive directors was increased from £88,000 to £90,000 (2.3%) also with effect from 1 October 2021. The additional fees for acting as Chair of a committee or as the SID remain unchanged.

	Total fees 2022 £000	Total fees 2021 £000
Chairman	**538**	525[1]
Base fee[2]	**90**	88
Chair of Audit, Remuneration or Corporate Responsibility Committee	**30**	30
Senior Independent Director	**30**	30

1. The 2021 total reflects the fee on appointment as Chairman on 1 December 2020.
2. The base fee is inclusive of the membership of the Audit, Corporate Responsibility, Nomination and Remuneration Committees (as appropriate).

EXTANT EQUITY INCENTIVE AWARDS HELD BY EXECUTIVE DIRECTORS

Details of all existing equity incentive awards as at the date of this DRR, including the awards conditionally made under the long term incentive plans to the executive directors at any time during the year ended 30 September 2021, are shown in the table below. None of the executive directors holds any extant award under any previously operated share option scheme:

LTIP[1]

Director	As at 30 Sep 2020: 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 2021: number of shares**	Market price at date of award: £	Date of award	Maturity date
Dominic Blakemore	178,390	–	–	178,390	–	15.13	9 Feb 2018	1 Oct 2020
	161,385	–	–	–	**161,385**	16.73	21 Nov 2018	1 Oct 2021
	152,700	–	–	–	**152,700**	19.16	27 Nov 2019	1 Oct 2022
	–	195,907	–	–	**195,907**	13.78	1 Dec 2020	1 Oct 2023
Total	492,475	195,907	–	178,390	**509,992**			
Gary Green	165,125	–	–	165,125	–	15.13	9 Feb 2018	1 Oct 2020
	162,810	–	–	–	**162,810**	16.73	21 Nov 2018	1 Oct 2021
	146,385	–	–	–	**146,385**	19.16	27 Nov 2019	1 Oct 2022
	–	181,939	–	–	**181,939**	13.78	1 Dec 2020	1 Oct 2023
Total	474,320	181,939	–	165,125	**491,134**			
Karen Witts[2,4]	120,880	–	–	–	**120,880**	17.78	16 May 2019	1 Oct 2021
	86,135	–	–	–	**86,135**	19.16	27 Nov 2019	1 Oct 2022
	6,784	–	–	–	**6,784**	18.37	12 Dec 2019	12 Dec 2022
	–	110,034	–	–	**110,034**	13.78	1 Dec 2020	1 Oct 2023
Total	213,799	110,034	–	–	**323,833**			

Restricted Share Award (RSA)

Director	As at 30 Sep 2020: 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 2021: number of shares**	Market price at date of award: £	Date of award	Maturity date
Karen Witts	21,366	–	–	–	**21,366**	17.78	16 May 2019	1 Jul 2021
Total	21,366	–	–	–	**21,366**			

1. Each LTIP award with the exception of deferred bonus awards is based on a three year performance period. Awards granted under the 2018 LTIP are based 40% on a ROCE target, 40% on an AFCF target and 20% on the Company's TSR relative to the FTSE 100, excluding the financial services sector.
2. The award granted to Karen Witts on 12 December 2019 under the 2018 LTIP was made as a deferred bonus award and will vest after three years as Mrs Witts is considered a 'good leaver' under the rules of the plan.
3. The performance period of the award granted on 9 February 2018 came to an end on 30 September 2020. None of the threshold performance conditions were met and the award lapsed in full.
4. Of the 120,880 LTIP awards granted to Mrs Witts on 16 May 2019, 28,110 were in respect of the agreed buyout arrangement for awards forfeited in her former employment.
5. The awards granted to Mrs Witts under the Karen Witts Restricted Share Award Plan on 16 May 2019 were granted in recognition of awards forfeited at her previous employer. The final tranche (21,366 shares) will vest as follows in respect of the financial underpins: 50% (10,683 shares) will vest in respect of the net debt to EBITDA ratio and the remaining 50% will lapse. Any vested shares under this award are not subject to a further holding period, however, will count towards Mrs Witts' achievement of the share ownership guideline.
6. The highest mid-market price of the Company's ordinary shares during the year ended 30 September 2021 was £16.46 per share and the lowest was £10.55 per share. The year end price was £15.24 per share.
7. The market price at the date of each award is shown to two decimal places.

SHARE OWNERSHIP GUIDELINES AND DIRECTORS' INTERESTS IN SHARES

In order that their interests are aligned with those of shareholders, directors are expected to build up and maintain a personal shareholding in the Company as set out in the share ownership guidelines as described in the Policy on page 156.

The Committee reviewed and noted that the guidelines were satisfied by all directors in office during the year. The interests of the directors in office during the year ended 30 September 2021 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 2021[1]	Shares held as at 30 Sep 2020[2]	**LTIP/RSA holdings as at 30 Sep 2021**	LTIP/RSA holdings as at 30 Sep 2020	Shareholding required[3]	**Compliance with share ownership guidelines[4]**
Executive directors	Dominic Blakemore	**276,789**	276,789	**509,992**	492,475	300%	✓
	Gary Green	**275,560**	275,560	**491,134**	474,320	250%	✓
	Karen Witts	**27,762**	20,751	**345,199**	235,165	250%	✓
Non-executive directors	Carol Arrowsmith	**12,916**	12,916	–	–	100%	✓
	John Bason	**21,658**	21,658	–	–	100%	✓
	Stefan Bomhard	**10,743**	10,743	–	–	100%	✓
	John Bryant	**15,781**	15,781	–	–	100%	✓
	Ian Meakins	**58,362**	–	–	–	100%	✓
	Anne-Francoise Nesmes	**11,907**	11,907	–	–	100%	✓
	Nelson Silva	**10,323**	10,323	–	–	100%	✓
	Ireena Vittal	**5,350**	5,350	–	–	100%	✓
	Paul Walsh[1]	**40,273**	40,273	–	–	100%	✓

1. Shares held at 30 September 2021 or the date of leaving. Paul Walsh stepped down from the Board and its Committees on 30 November 2020.
2. The shares held at 30 September 2020 include shares that the directors subscribed for under the equity raise in May 2020, where applicable.
3. As a percentage of base salary or fee.
4. Under the current share ownership guidelines executive directors are required to achieve the percentage shareholding shown in the table above within a five year period. Non-executive directors are required to achieve the percentage shareholding shown in the table above within a four year period.

There were no changes in directors' interests between 30 September 2021 and 23 November 2021.

DIRECTOR AND ROLE CHANGES DURING THE YEAR

As announced on 24 September 2020, John Bason stepped down as SID and as Chair of the Audit Committee and as a member of the Audit and Remuneration Committees at the conclusion of the 2021 AGM, but continues to be a member of the Board and of the Corporate Responsibility and Nomination Committees. John Bryant and Anne-Francoise Nesmes succeeded Mr Bason as SID and Chair of the Audit Committee respectively at the conclusion of the 2021 AGM. Mr Bason will not seek re-election at the 2022 AGM.

Other than the fees and expenses payable to Mr Bason for the period up to 3 February 2022, no payment will be made to him in connection with him ceasing to be a director of the Company. On the relevant date, a statement prepared pursuant to Section 430(2B) of the CA 2006 in connection with Mr Bason will be posted on the Company's website www.compass-group.com.

Mr Paul Walsh stepped down as Chairman of the Board on 30 November 2020. He was succeeded by Mr Ian Meakins on 1 December 2020. Other than fees and expenses payable to Mr Walsh for the period 1 October 2020 to 30 November 2020 no payment was made to Mr Walsh in connection with him ceasing to be a director of the Company.

PAYMENTS TO PAST DIRECTORS

There were no payments to former directors during the year.

PAYMENTS FOR LOSS OF OFFICE

There were no loss of office payments made to former directors during the year.

ARRANGEMENTS FOR THE OUTGOING GROUP CHIEF FINANCIAL OFFICER

Karen Witts stepped down from the Board of Compass Group PLC on 31 October 2021 but remains an employee of the Company on her existing terms of employment until 30 September 2022. As an employee, Mrs Witts will continue to be paid a salary and receive her existing benefits through to 30 September 2022.

Mrs Witts will be entitled to an annual bonus for the 2020-2021 financial year in the normal way. She will also be entitled to a prorated bonus for that part of the 2021-2022 financial year for which she served as Group CFO. The amount of any bonus payment will be stated in the relevant Directors' Remuneration Report.

Mrs Witts' share awards under the Company's Long Term Incentive Plan (LTIP) be preserved in accordance with the 'good leaver' provisions of the plan, subject to a time prorating adjustment. Information relating to the vesting of shares under the LTIP will be updated in the relevant Directors' Remuneration Reports.

The Company made a contribution towards Mrs Witts' legal fees of £13,000 plus VAT.

ARRANGEMENTS FOR THE INCOMING GROUP CHIEF FINANCIAL OFFICER

Palmer Brown was appointed to the Board of Compass Group PLC as Group CFO Designate on 4 October 2021 and assumed the role of Group CFO with effect from 1 November 2021. Mr Brown is a US national on international assignment to the United Kingdom and his existing expatriate terms will continue to apply. Mr Brown will be paid a salary of $970,000 and his terms are in line with the 2021 Policy.

EXTERNAL NON-EXECUTIVE DIRECTOR APPOINTMENTS

Executive directors may take up one non-executive directorship outside the Group, subject to the Board's approval and provided that such an appointment is not likely to lead to a conflict of interest. It is recognised that non-executive duties can broaden experience and knowledge which can benefit the Company. Dominic Blakemore received fees of £110,000 in respect of his directorship at the London Stock Exchange Group for the period under review. At the date of this DRR, Gary Green and Palmer Brown do not hold any paid external appointments.

REMUNERATION POLICY AND PRACTICES IN THE CONTEXT OF THE UK CORPORATE GOVERNANCE CODE 2018

The Committee has considered the Remuneration Policy and practices in the context of the principles of the UK Corporate Governance Code 2018, as follows:

Clarity – the Committee is committed to having a transparent approach to pay, by engaging regularly with executives, shareholders and their representative bodies in order to explain the approach to executive pay and how it links to the Compass strategy. We are also committed to clear and transparent disclosure on all aspects of executive remuneration.

Simplicity – the purpose, structure and strategic alignment of each element of pay has been clearly laid out in the Remuneration Policy. The incentive arrangements are well understood by both participants and shareholders. The Committee monitors the structure of both the annual bonus and long-term incentives to ensure they are easy to understand and avoid complexity. Additionally, the Committee ensures there is sufficient flexibility to exercise discretion and override formulaic outcomes, where necessary.

Risk – the Committee ensures the careful balance between competitive pay and performance driven incentives is appropriate, in order to mitigate any risk of excessive rewards or encouraging the wrong behaviours. There is an appropriate mix of fixed and variable pay elements, which, alongside the Committee's ability to exercise overarching discretion on Compass' performance within the year, allow for a holistic assessment of performance in the year. Additionally, there are robust measures in place to ensure alignment with long term shareholder interests, including the post vesting retention period, shareholding requirement, malus and clawback provisions and, from 2022-2023, bonus deferral into shares.

Predictability – our Directors' Remuneration Policy contains both target and maximum opportunity details for our incentives, with actual performance outcomes dependent upon performance achieved against the targets for the period. Additionally, potential remuneration opportunities under different performance scenarios are set out on page 157 of this Report.

Proportionality – executives are incentivised to achieve stretching, business linked targets over annual and three year performance periods ensuring strong alignment with the business objectives and creation of long-term value for shareholders. The Committee assesses performance holistically at the end of each period, taking into account underlying business performance as well as the internal and external market context. The Committee may exercise discretion to ensure that payouts appropriately reflect the experience of Compass during the year.

Alignment with culture – to ensure alignment across the organisation, the executives have committed to a phased reduction of pension allowances so that they are in line with the maximum contribution available to the majority of the wider UK workforce by 31 December 2022. Additionally, the health and safety of our employees, clients and customers has always been a top priority for Compass. Given the additional challenges of reopening our sites, in 2020-2021 we increased the weighting of the Health and Safety measures in our annual bonus plan to ensure a greater focus was placed on objectives which encourage behaviours that contribute to delivering our business objectives and driving our culture.

ACTIVITY DURING THE YEAR

The key activities of the Committee during the year ended 30 September 2021 are set out below. In addition, the Committee monitors performance and reviews regularly any discretionary matters in relation to individuals below executive director level in relation to the Company's share plans. The Committee also agrees the appointment and exit terms for executive directors and members of the Executive Committee.

2020

OCTOBER

- reviewed 2020-2021 annual bonus plan design including target phasing and structure
- reviewed the structure and quantum of LTIP awards for 2020-2021
- reviewed benefits provisions

NOVEMBER

- approved the final 2021 Directors' Remuneration Policy to be put forward to shareholders at the 2021 AGM
- reviewed salaries for the Executive Committee, including the executive directors, effective 1 January 2021 taking into consideration salary review budgets across the Group
- determined 2019-2020 performance outcomes for the LTIP and bonus plans
- set targets under the 2020-2021 bonus plan
- approved the structure, timing and quantum of 2020-2021 LTIP awards
- approved draft DRR for 2019-2020
- amended the LTIP and RSA plan rules to incorporate governance and administrative updates
- updated the share ownership policy to incorporate the post employment shareholding requirement
- assessed share ownership compliance against the policy

2021

MARCH

- discussed shareholder feedback received in respect of the 2021 AGM
- received an update on external remuneration trends from the external remuneration advisors
- received an overview of total remuneration for the global leadership team
- reviewed provisional 2020-2021 LTIP targets
- reviewed progress against 2020-2021 half year bonus targets and approved full year bonus plan targets
- considered impact of COVID-19 on executive remuneration and the degree of alignment with shareholder experience

2021

MAY

- received an update on wider employee remuneration and employment practices within the Group
- approved 2020-2021 half year bonus plan outcomes
- set targets for the 2020-2021 LTIP
- received an update on the indicative performance of Mrs Witts' restricted share award
- determined the approach for shareholder engagement in respect of in-flight LTIP awards

JULY

- received an update on progress against 2020-2021 full year bonus plan targets and in-flight LTIP awards
- reviewed shareholder feedback in respect of recent consultation regarding in-flight LTIPs
- determined the approach for assessing performance under Mrs Witts' restricted share award vesting in 2021

SEPTEMBER

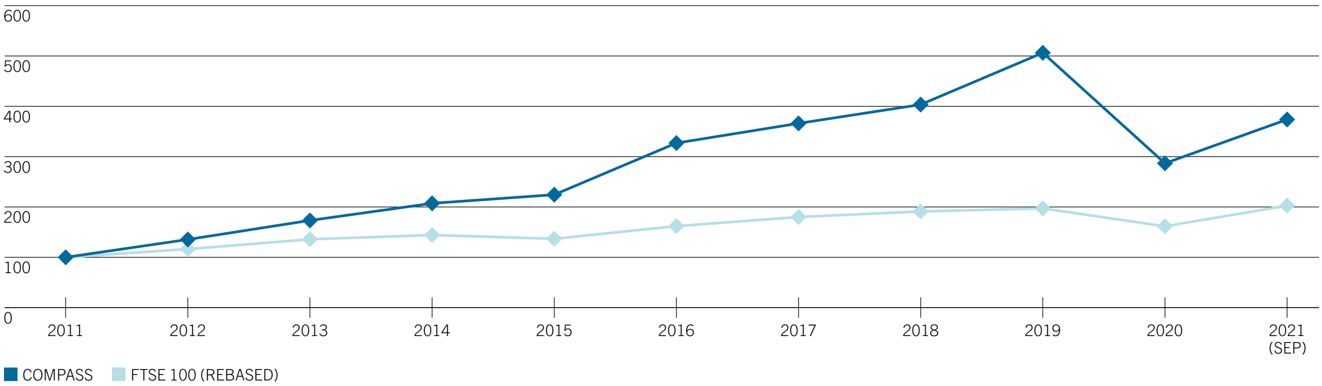
- received an update on external remuneration trends from the external remuneration advisors
- received an update on progress against full year 2020-2021 bonus targets and in-flight LTIP awards
- reviewed forecast executive director total reward relative to Group performance and the wider shareholder and stakeholder experience
- reviewed the structure of executive director reward relative to the market and determined the approach for shareholder engagement in respect of the evolution of the Remuneration Policy
- determined structure for the 2021-2022 LTIP award and bonus plan
- considered the draft DRR for 2020-2021
- reviewed fees for the Chairman
- reviewed the terms of reference of the Committee

REMUNERATION IN DETAIL FOR THE YEAR ENDED 30 SEPTEMBER 2021

Total shareholder return (TSR)

The performance graph below shows the Company's TSR performance against the performance of the FTSE 100 over the 10 year period to 30 September 2021. The FTSE 100 Index has been chosen as a broad equity market index of which the Company has been a constituent member throughout the period.

TOTAL SHAREHOLDER RETURN INDICES – COMPASS VS FTSE 100



PAY FOR PERFORMANCE

The Committee believes that the Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Group. To maintain this relationship, the Committee regularly reviews the business priorities and the environment in which the Group operates. The table below shows the Group CEO's total remuneration over the last 10 years and the achieved annual variable and long term incentive pay awards as a percentage of the plan maximum.

	2012	2013	2014	2015	2016	2017	2018[1]	2019	2020	**2021**
Single total figure of remuneration £000	4,867	5,532	6,298	5,325	5,822	5,617	4,568	4,659	1,162	**3,211**
Annual variable element: award payout against maximum opportunity %	71.8	84.5	87.3	88.7	85.8	68.9	95.9	78.3	0	**99.93**
LTIP vesting rates against maximum opportunity %	100	98.0	100	79.0	84.5	74.5	95.0	100	0	**0**

1. Mr Blakemore was Deputy Group CEO from 1 October 2017 to 31 December 2017 and Group CEO from 1 January 2018.

REMUNERATION IN THE WIDER CONTEXT

Our approach to workforce engagement is set out on pages 102 and 103, including the approach taken to gathering the views of the workforce. Ms Ireena Vittal, a member of the Committee, is the current Designated Non-executive director for workforce engagement and is responsible for ensuring the views of the workforce are communicated to the Board.

When considering executive remuneration and setting the Directors' Remuneration Policy, the Committee takes into consideration the wider workforce. An employee landscape dashboard was considered by the Committee at the May 2021 meeting. Each section of the dashboard is shown below:

EMPLOYEE LANDSCAPE DASHBOARD:

Diversity	Turnover and headcount	Speak Up reports	Engagement survey results	Health and safety outcomes
Minimum and living wage data	Pension plans	Incentive plans	Pay ratio reporting	Pay gap reporting

CEO PAY RATIO

The ratio between the CEO's remuneration and the median, lower quartile and upper quartile of UK employees is disclosed below. The ratio shows the comparisons between the 25th, median and 75th percentile employees in the UK, with reference to remuneration paid in the past two financial years to 30 September, and the Group CEO's total remuneration as set out in the single figure table on page 161.

Year and component	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020-2021 total remuneration	Option A	172:1	138:1	125:1
2019-2020 total remuneration	Option A	63:1	54:1	42:1

Compass has chosen to use prescribed Option A to calculate the ratio as it is considered to be the most accurate approach. This method includes total full time equivalent remuneration for UK employees received by an individual in respect of the financial year ended 30 September 2021 and is calculated in line with the methodology for the 'single figure of remuneration' for the CEO. The best equivalents for the three UK employees whose hourly rates of pay were at the 25th, median and 75th percentiles were selected, with a small number of employees around each quartile reviewed, to ensure that the employees chosen at the three percentile points were, within reason, representative of the pay of the UK workforce at each quartile.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst the UK workforce. The three individuals identified did not receive any remuneration which would otherwise inflate their pay figures.

The CEO's remuneration is weighted more heavily towards variable pay than that of the wider workforce and, as a result, the ratio will fluctuate each year depending on the performance of the Company. This is particularly relevant for the 2019-2020 comparator year where remuneration paid to the CEO was significantly lower due to the impact of a voluntary reduction in salary, the waiver of annual bonus otherwise earned, and the broader effect of COVID-19 on the performance related incentive elements of pay.

The salary and total remuneration is set out in the table below:

Financial year and component		CEO £000	25th percentile £000	Median £000	75th percentile £000
2020-2021	Salary	£1,000	£16	£19	£24
	Total remuneration	£3,211	£19	£23	£26
2019-2020	Salary	£894	£17	£21	£26
	Total remuneration	£1,162	£18	£21	£28

ANNUAL PERCENTAGE CHANGE IN REMUNERATION OF DIRECTORS AND EMPLOYEES

As required by the 2019 regulations, which implement Articles 9a and 9b of European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive or SRD), the table overleaf shows a comparison of the annual change of each individual director's pay to the annual change in average employee pay for the year ended 30 September 2021.

Average employee pay is based on a full time equivalent (FTE) calculation, using a mean average. Where there is a year on year increase in base salary or fees paid to the directors, this is due to the six month period of salary reductions in 2020 made in response to COVID-19. The benefits figure for 2020 for most directors included an amount in respect of the taxable benefit which was deemed to have occurred as a result of their personal investment in the Company's shares under the May 2020 equity raise. The non-executive director benefits relating to travel costs were mitigated in 2020-2021 as meetings were held virtually due to the pandemic.

	Change in pay between 30 September 2020 and 30 September 2021			Change in pay between 30 September 2019 and 30 September 2020		
	Base salary/fees % change[1]	Bonus % change[2]	Benefit % change[3]	Base salary/fees % change[8]	Bonus % change[9]	Benefit % change[10]
Executive directors						
Dominic Blakemore	**11.9%**	**N/A[7]**	**(27.4)%**	(6.5)%	(100.0)%	105.0%
Gary Green	**10.5%**	**N/A[7]**	**(15.5)%**	(6.3)%	(100.0)%	49.7%
Karen Witts[11]	**9.0%**	**N/A[7]**	**(11.5)%**	(6.3)%	(100.0)%	116.9%
Non-executive directors						
Carol Arrowsmith	**10.3%**	–	**(100.0)%**	(7.8)%	–	79.1%
John Bason[4]	**(18.9)%**	–	**(100.0)%**	(3.3)%	–	N/A[7]
Stefan Bomhard	**10.3%**	–	**(100.0)%**	(7.3)%	–	1012.9%
John Bryant[4]	**35.0%**	–	**(100.0)%**	(7.3)%	–	162.6%
Ian Meakins[4,12]	**467.0%**	–	**(100.0)%**	–	–	–
Anne-Francoise Nesmes[4]	**35.0%**	–	**(100.0)%**	(7.3)%	–	N/A[7]
Nelson Silva	**10.3%**	–	**(100.0)%**	(7.8)%	–	23.8%
Ireena Vittal	**10.3%**	–	**(100.0)%**	(7.3)%	–	27.7%
Paul Walsh[5]	**10.3%**	–	**(100.0)%**	(6.9)%	–	330.7%
Average pay of UK employees[6]	**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 for the financial year ended 30 September 2021 compared to the financial year ended 30 September 2020. For comparison purposes, the base salary/fees paid to the directors for year ended 30 September 2020 were reduced by 25% for the period from 1 April to 30 June 2020 and 12.5% for the period from 1 July to 30 September 2020 to reflect the wider stakeholder experience as a result of COVID-19.
2. The annual percentage change in bonus is calculated by reference to the bonus payable in respect of the financial year ended 30 September 2021 compared to the financial year ended 30 September 2020 for executive directors, and by reference to all bonus payments received during the financial year ended 30 September 2021 in comparison to the financial year ended 30 September 2020 for UK employees. Non-executive directors are not eligible to receive a bonus.
3. The annual percentage change in benefits is calculated by reference to the value of benefits received in respect of the financial year ended 30 September 2021 compared to the financial year ended 30 September 2020. Non-executive directors' travel expenses are considered a benefit and are disclosed in the DRR.
4. The annual percentage increase/decrease in fees reflects a change in role during the year as more fully detailed on page 167.
5. Stepped down from the Board and its Committees on 30 November 2020. The % change from 2019 to 2020 is calculated on a full time equivalent basis.
6. Average employee pay is calculated by reference to the mean average pay of employees within the UK.
7. N/A refers to a nil value in the previous year, meaning that a year on year change cannot be calculated.
8. The annual percentage change in salary is calculated by reference to actual salary paid for the financial year ended 30 September 2020 compared to the financial year ended 30 September 2019.
9. The annual percentage change in bonus is calculated by reference to the bonus payable in respect of the financial year ended 30 September 2020 compared to the financial year ended 30 September 2019 for executive directors, and by reference to all bonus payments received during the financial year ended 30 September 2020 in comparison to the financial year ended 30 September 2019 for UK employees. Non-executive directors are not eligible to receive a bonus.
10. The annual percentage change in benefits is calculated by reference to the value of benefits received in respect of the financial year ended 30 September 2020 compared to the financial year ended 30 September 2019. Non-executive directors' travel expenses are considered a benefit and are disclosed in the DRR. The increase in benefits paid to the directors is attributable to an increase in the value of these expenses, and/or to the inclusion of the benefit of the discount on the subscription price in respect of the May 2020 equity placing, in which the majority of directors participated, alongside, and on the same terms as, other shareholders.
11. Appointed to the Board and the Corporate Responsibility Committee on 8 April 2019. The % change from 2019 to 2020 is calculated on a full time equivalent basis.
12. Appointed to the Board and the Nomination and Corporate Responsibility Committees on 1 September 2020. The % change from 2019 to 2020 is calculated on a full time equivalent basis.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the amounts paid in share buybacks, dividends and total employee costs for the years ended 30 September 2020 and 2021.

Dispersals	**2021 £m**	2020 £m	Change %[1]
Share buybacks[2]	–	–	–
Dividends paid[3]	–	427	(100.0)%
Total employee costs[4]	**9,329**	9,979[5]	(6.5)%

1. The year on year percentage change in dispersals represents measures taken to protect the Company and its stakeholders from the impact of COVID-19.
2. At the AGM on 4 February 2021, shareholders approved Resolution 21 to give the directors authority to make limited on market purchases of up to 10% of the Company's ordinary shares. No shares were repurchased during the financial year ended 30 September 2021. However, 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. No dividends were paid in the year under review. The total dividend paid during the financial year ended 30 September 2020 was £427 million which related to the final dividend for the financial year ended 30 September 2019. The share capital in issue on 31 September 2021 and on the same date in 2020 was 1,785 million ordinary shares of 11¹⁄₂₀ 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 2021, was 478,070 (2020: 548,143).
5. Re-presented to include administration expenses.

REMUNERATION OF OTHER SENIOR EXECUTIVES AND MANAGEMENT

A number of senior executives and the executive directors comprise the Executive Committee. These key management roles influence the ability of the Group to meet its strategic targets. The Remuneration Committee sets the remuneration for these individuals and takes into account the remuneration levels and structure of the wider business. Total remuneration including base salary and other short term benefits, bonus and the expected value of long term incentives for this group is summarised in note 3 to the consolidated financial statements on page 218.

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 Chairman, Group CEO and Group CFO may also attend from time to time by invitation. None of the above attend when their own remuneration is discussed. They are not paid a fee for attending the Committee in addition to their normal remuneration from the Company under their service contracts. Details of the members of the Committee who served during the year ended 30 September 2021 are set out on pages 88 to 91.

The Committee appointed Deloitte LLP (Deloitte) as its independent remuneration advisor in September 2021. Deloitte's fees during the year under review were £79,250 (2020: £10,750). Fees covered advice on executive remuneration, attendance at Committee meetings, general advice and updates on remuneration developments. Fees paid in 2020 to the Committee's former remuneration consultants, Willis Towers Watson, were £46,900.

Deloitte provided advice to the Group in relation to tax and accounting, technology and other consulting services in the year under review. Deloitte is a member of the Remuneration Consultants Group and complies with its Code of Conduct.

Alithos Limited (Alithos) was appointed by the Company in 2002. During the year, Alithos provided information for the testing of the TSR performance conditions for the Company's LTIP awards, for which it received fixed fees of £24,000 (2020: £24,000). Alithos also provided other share price and TSR data to the Committee during the year for which it received fees of £500 (2020: £500). Alithos provided additional TSR analysis to the Company during the year for which it received a fee of £5,500 (2020: nil).

The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of its members generally, including Carol Arrowsmith, Chairman of the Committee, who until 2014, was a remuneration consultant with Deloitte.

SHAREHOLDER VOTE AT THE 2021 ANNUAL GENERAL MEETING

The table below sets out the voting outcome at the AGM held on 4 February 2021:

Director	Number of votes 'For' & 'Discretionary'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'[1]
Remuneration Policy[2]	1,323,075,019	95.71	59,337,494	4.29	1,382,412,513	31,386,157
Annual Remuneration Report[3]	1,377,728,287	97.47	35,810,545	2.53	1,413,538,832	259,838

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

The Committee welcomed the endorsement of the DRR by shareholders and took steps, wherever practicable, to understand the concerns of shareholders who withheld their support. At the 2022 AGM, shareholders will be invited to vote on the 2021 Annual Remuneration Report (advisory vote) and the proposed Remuneration Policy for 2022-2025 (binding vote).

On behalf of the Board

CAROL ARROWSMITH
Chair of the Remuneration Committee

23 November 2021

OTHER STATUTORY DISCLOSURES

This Directors' Report forms part of the management report as required under Disclosure Guidance and Transparency Rules (DTR) 4. The Company has chosen, in accordance with Section 414 C(11) of the CA 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on pages 2 to 82 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 84 to 183, the Other Statutory Disclosures on pages 178 to 183 and the Directors' Responsibilities Statement on page 184 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
Financial risk management	70
Future developments in the business	11
Statement of directors' responsibilities including disclosure of information to the auditor	184
Disclosure of greenhouse gas (GHG) emissions	47
Shareholder information	296
Viability statement	82
Going concern statement	71

DIRECTORS

Details of the directors in office at the date of this Report are listed on pages 88 to 91. Paul Walsh stepped down from the Board and its committees on 30 November 2020. He was succeeded as Chairman of the Board by Ian Meakins on 1 December 2020. As announced on 4 October 2021, Karen Witts stepped down from the Board as a director and Group CFO on 31 October 2021. Palmer Brown was appointed to the Board as a director and Group CFO Designate on 4 October 2021, assuming the role of Group CFO on 1 November 2021.

As further announced on 25 October 2021, Arlene Isaacs-Lowe joined the Board as a non-executive director on 1 November 2021 and Sundar Raman will join the Board as a non-executive director on 1 January 2022. In accordance with the Code, each director of the Company is subject to annual re-election. Those directors intending to continue in office will submit themselves for election or re-election at the 2022 AGM. John Bason will not stand for re-election at the upcoming AGM and will step down as a director of the Company at the conclusion of the meeting.

RESULTS AND DIVIDENDS

In the year ended 30 September 2021, the Group delivered an underlying profit before tax of £698 million (2020: £427million), an increase of 63.5%; and a statutory profit before tax of £464 million (2020: £210 million), an increase of 120.9%.

The Board recognises the importance of a dividend to our shareholders. Over the past year, it was necessary to prioritise protecting the business from the negative impact of the pandemic, which included the suspension of the dividend. With the positive momentum in rebuilding the Company's revenues and margins, supported by strong cash generation of the business, the Company was able to reach a net debt to EBITDA ratio of 1.6x by the end of the year. As a result, we are pleased to announce the reinstatement of our dividend. From FY 2022 the policy is to pay out around 50% of underlying earnings through an interim and final dividend. It is proposed that a final dividend of 14.0 pence per share be paid in respect of the financial year ended 30 September 2021 on 28 February 2022 to shareholders on the register on 21 January 2022. The final dividend of 14.0 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 7 February 2022.

Year	Dividend	Pence per share
2021	Final	14.0
2021	Interim	Nil
2020	Final	Nil
2020	Interim	Nil

Generally, the trustee of the employee benefit trust, the Compass Group PLC All Share Schemes Trust (ASST), which operates in connection with the Company's share plans, waives its right to receive dividends on any shares held by it. Details of the ASST can be found on page 180 of this Report. The value of the dividends payable during the year ended 30 September 2021 that were waived by the ASST was £nil (2020: £9,270).

At the date of this Report, there were 1,371,784 11¹⁄₂₀ pence ordinary shares held in treasury for the purpose of satisfying the Company's obligations under the Company's employee equity incentive schemes. Shares held in treasury are not entitled to receive dividends. There were no dividends paid during the year under review. In 2020, the Company made a payment to shareholders in respect of the 2019 final dividend. If dividends had been paid on the treasury shares in connection with the 2019 final dividend, the value of such dividends would have equalled £449,107.

SHARE CAPITAL

At the date of this Report, 1,785,403,977 ordinary shares of 11¹⁄₂₀ pence each (of which 1,371,784 are held in treasury) have been issued, are fully paid up and are quoted on the London Stock Exchange. The total voting rights attaching to the issued ordinary share capital (excluding treasury shares) at the date of this Report is 1,784,032,193. In addition, the Company sponsors a Level I American Depositary Receipts programme with BNY Mellon, under 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 2021, 163,563 options were exercised and 204,161 awards released pursuant to the Company's share option schemes, long term incentive plans and other discretionary share schemes. All options exercised and awards released were satisfied, as appropriate, by the reissue of 163,563 treasury shares and the release of 204,161 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. With respect to UK Market Abuse Regulation, certain employees are required to seek the approval of the Company to deal in its shares. 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's articles of association may only be amended by special resolution at a general meeting of shareholders.

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, in addition to those conferred by law, are set out in the Company's articles of association, which are available on the Company's website www.compass-group.com.

REPURCHASE OF SHARES

No shares were repurchased during the financial year ended 30 September 2021. No shares have been repurchased in the period from 1 October 2021 to the date of this Report.

At the 2022 AGM, a special resolution will be proposed to renew the directors' limited authority (last granted at the 2021 AGM) to repurchase ordinary shares in the market. Retaining the ability to repurchase shares gives the Board the flexibility of electing to repurchase shares where this is the most effective method of returning cash to shareholders, or to fund bolt-on acquisitions. The directors consider it desirable for this general authorisation to be renewed in order to assist in maintaining the most efficient capital structure for the business.

The authority sets the minimum and maximum prices which may be paid and it will be limited to a maximum of 10% of the Company's issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM. Any purchases of ordinary shares will be by means of market purchases through the London Stock Exchange and any shares purchased may be placed into treasury, or cancelled at purchase or any point subsequent to purchase, in accordance with Section 724 of the CA 2006.

ISSUE OF SHARES

At the 2022 AGM, the directors will ask shareholders to renew the authority last granted to them at the 2021 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 on which the resolution is passed, or at the conclusion of the Company's 2023 AGM, whichever is the sooner.

The limited power granted to the directors at the 2021 AGM to allot equity shares for cash, other than pro rata to existing shareholders, expires no later than 3 May 2022. Subject to the terms of the section 551 authority, this authority is in line with the Statement of Principles on Pre-emption Rights issued by the Pre-Emption Group and supported by the Investment Association and the Pensions and Lifetime Savings Association (the Principles). If this authority is renewed by shareholders at the upcoming AGM, it will give the directors the ability (until the 2023 AGM) to issue ordinary shares for cash, other than pro rata to existing shareholders, in connection with a rights issue or up to a limit of 5% of the issued ordinary share capital (whether or not in connection with an acquisition or specified capital investment) calculated at the latest practicable date prior to the publication of the Notice of AGM. In accordance with the Principles, the directors propose to extend this by an additional 5% of the Company's issued ordinary share capital calculated at the latest practicable date prior to the publication of the Notice of AGM, provided that the additional authority would only be used for the purpose of an acquisition or a specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. In line with recommended best practice, the Company has split the disapplication of pre-emption rights authority into two separate resolutions. The first resolution seeks authorisation for 5% of the issued ordinary share capital to be issued on an unrestricted basis, whilst the second resolution seeks authority for an additional 5% of the issued ordinary share capital to be used for an acquisition or a specified capital investment.

The Pre-Emption Group's Statement of Principles specifies that, subject to certain exceptions, in any rolling three year period, a company should not issue non-pre-emptively for cash equity securities that represent more than 7.5% of its issued ordinary share capital.

Noting the unparalleled economic situation that businesses faced as a result of the COVID-19 pandemic, the Pre-Emption Group recommended in April 2020 that investors, on a case by case basis, consider supporting share issuances by companies of up to 20% of their issued share capital on a temporary basis where (amongst other things) there had been prior consultation with major shareholders and the share issue was made on a 'soft pre-emptive' basis. In line with The Pre-Emption Group's requirements, in May 2020, the Company issued a total of 195,667,352 new ordinary shares of 11$\frac{1}{20}$ pence each (having an aggregate nominal value of £21,621,242.40) on a non-pre-emptive basis at an issue price of £10.25 per share raising gross proceeds of approximately £2 billion (£1,972 million net of issue costs).

Other than the exceptional issue of shares above, in line with best practice, the Company has not issued more than 7.5% of its issued ordinary share capital on a prorated basis over the last three years. While the directors have no present intention to issue ordinary shares, other than pursuant to the Company's employee equity incentive share schemes, they intend to seek the renewal of the general pre-emption disapplication authority at the 2022 AGM. Such authority will maintain the Company's flexibility in relation to future share issues, including any issues to finance business opportunities, should appropriate circumstances arise.

Changes in the Company's share capital during 2021, 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 23 and 24 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDINGS

As at 30 September 2021 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. The information provided below was correct at the date of notification; however, the date of receipt may be prior to the financial year under review. These holdings are likely to have changed since the Company was notified, but notification of any change is not required until the next notifiable threshold is crossed.

	% of issued capital	% of Compass Group PLC's voting rights
Blackrock, Inc.	9.99	9.99
Artisan Partners Limited Partnership	5.01	5.01
Invesco Limited	4.95	4.95
Massachusetts Financial Services Company	4.60	4.60

The number of shares held by the directors as at 30 September 2021 can be found on page 171 in the Directors' Remuneration Report.

EMPLOYEE SHARE TRUSTS

The Compass Group Employee Share Trust (ESOP) was established on 13 January 1992 in connection with the Company's share option plans. The Compass Group Long Term Incentive Plan Trust was established on 5 April 2001 in connection with the Company's long term incentive plans and, in 2019, was adapted to allow it to source shares for all of the Company's share schemes and was renamed the Compass Group PLC All Share Schemes Trust (ASST).

Details of employee equity incentive schemes are set out in the Directors' Remuneration Report on pages 144 to 177. As at 30 September 2021, the trustees of the ESOP and ASST held nil (2020: nil) and 185,228 (2020: 147,058) 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 2021 are set out in the Directors' Remuneration Report on pages 144 to 177.

Details of employee equity incentive schemes and grants made during the year ended 30 September 2021, and extant awards held by employees are disclosed in the consolidated financial statements on pages 258 to 260.

EMPLOYEE ENGAGEMENT

The Group places particular importance on employee engagement as we recognise that our colleagues are central to delivering our commitments, strategy and living our values. Employee engagement is based on our commitments to respect, teamwork and growth within the workforce. Senior leaders across the Group meet with their teams through roundtables, townhalls and site visits. We also use webcasts, blogs, newsletters, in house publications and other communication channels 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, issues affecting their performance and 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 American 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. Each year, our colleagues share feedback about how it feels to work at Compass through our employee surveys which gives us a good understanding of how our colleagues feel and helps us understand what more we can do 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 258 to 260, 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 employee feedback received through employee engagement surveys. The Designated NED for workforce engagement maintains close links with colleagues tasked with global engagement, holds meetings and is available for direct engagement with employee groups, and feeds back relevant information and issues to the Board. How the directors have engaged with employees and have considered their interests when taking key decisions is further detailed on pages 39, 98 and 102 to 103.

The Group continues to operate on a decentralised basis. This provides a foundation for the development of entrepreneurial flair, which is 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 Chairman, 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 otherwise 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 Chairman, one other independent trustee director, and five directors that are UK based employees or former employees of Compass Group Holdings PLC or Compass Group, UK and Ireland Limited. Three of the employee directors were nominated as directors of the corporate trustee by Plan members.

The Company is subject to the Pension Automatic Enrolment Regulations for its workforce in the UK. All new UK employees who meet the statutory eligibility criteria, and who do not join CRISP, are automatically enrolled into the National Employment Savings Trust (NEST). Responsibility for the Group's ongoing compliance with the pension automatic enrolment regulations and for ensuring that the administration and investment of funds relating to automatic enrolment remain appropriate lies with the Group's Pension Automatic Enrolment Governance Committee.

Permanent employees outside the UK are usually offered membership of local pension arrangements, if and where they exist, and where it is appropriate to have Company sponsored arrangements.

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills. Employment of people with disabilities is considered on merit with regard only to the ability of any applicant to carry out the role. Arrangements to enable people with disabilities to carry out the duties required will be made if it is reasonable to do so. An employee who becomes disabled would, where appropriate, be offered retraining.

BUSINESS RELATIONSHIPS

The directors regard the Group's business relationships with its suppliers, clients, consumers and others as a pivotal component of the Company's long term success. Our culture, values and behaviours support open and honest engagement with our business counterparts. We maintain high standards of ethical behaviour and probity in all of our business dealings. For further information on how the Company fosters business relationships with its business partners see pages 28 to 31, and for how the directors have had regard to their interests in their principal decision making processes see pages 98 to 103.

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 and has included the necessary disclosures in this Report.

Throughout this Annual Report the directors have disclosed a mix of financial and non-financial KPIs which they believe best reflect the Group's strategic priorities, and which will help to convey an understanding of the culture of the business and the drivers which contribute to the ongoing success of the Company. Please see the non-financial information statement on page 54 which sets out where stakeholders can find information relating to non-financial matters.

POST BALANCE SHEET EVENTS

With the exception of the proposed dividend (see note7), there are no material post balance sheet events for the financial year ended 30 September 2021.

EMPLOYEE DIVERSITY AND HUMAN RIGHTS

Our Code of Ethics was developed in consultation with the EWC and the Institute of Business Ethics and sets out clear standards of behaviour that we expect all of our people to demonstrate and adhere to. The Code of Ethics, which is part of our Code of Business Conduct, underpins our social, ethical and environmental commitments and sends a clear message to our stakeholders of our commitment to responsible business practice. The 10 principles of the United Nations (UN) Global Compact, to which we are a signatory, underpin our own Code of Ethics. This UN initiative encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda.

Our people are instrumental in our success; we respect and value the individuality and diversity that every employee brings to the Group. We base our relationship with our employees 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 2021, there were 478,070 (2020: 548,143) people employed by the Group (average number of employees including directors and part-time employees) of whom 272,500 were female (2020: 313,765) and 205,570 were male (2020: 234,378). 514 were senior managers, 341 male, 173 female (2020: 429 male, 197 female), 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 2021, there were 11 directors, seven of whom were male and four were female. Prior to any appointment to the Board, the Nomination Committee gives due regard to diversity and gender with a view to recommending the appointment of the most suitable candidate for the role.

We seek to create a positive and open working environment wherever our businesses operate. Our employee policies are set locally to comply with local law within an overall Group framework and we monitor our employee satisfaction and engagement through a number of key performance indicators.

We also consider the concerns of wider communities in which our businesses operate, including national and local interests, utilising our relevant expertise to help contribute to the wellbeing of communities in ways which are appropriate to our 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.

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 2021 are set out within the Corporate Responsibility section of the Strategic Report on page 47 and form part of the Directors' Report disclosures and are incorporated by reference. Further details of the actions which the Group is taking to reduce emissions can also be found in our Sustainability Report and at www.compass-group.com. This Annual Report is certified carbon neutral by sponsoring a cause to offset against the emissions arising from the production, printing and delivery of this Report. This year, the Company has sponsored community based reforestation initiatives in Ghana.

DONATIONS AND POLITICAL EXPENDITURE

Charitable objectives support the Company's CR strategy and have primarily focused on the environment, education, health and wellbeing, community engagement and responsible business practice. Donations have included employee involvement through fundraising and financial support.

Group charitable donations	£m
2021	11.0
2020	11.1

Since 2004, shareholders have passed an annual resolution, on a precautionary basis, to approve donations to political organisations and to incur political expenditure (as such terms were defined under the then relevant legislation) not exceeding a monetary limit approved by shareholders. The Board has consistently confirmed that it operates a policy of not giving any cash contribution to any political party in the ordinary meaning of those words and that it has no intention of changing that policy.

No material amount of corporate funds or paid employee time has been utilised during the year for political activities and, in accordance with the Company's CBC, employees must not engage in any form of lobbying or have contact with political representatives, government employees or public interest groups unless they are doing so legitimately and adhering to internal control processes. Further information regarding the CBC can be found on page 131 of this Annual Report and on the Company's website www.compass-group.com.

The directors propose to renew the authority granted at the 2021 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.

COMMUNICATING WITH SHAREHOLDERS

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Group CEO and the Group CFO are closely involved in investor relations and the Group Head of Investor Relations has day to day responsibility for such matters. The views of the Company's major shareholders are reported to the Board by the Group CEO and the Group CFO as well as by the Chairman (who remains in contact with our largest shareholders) and are discussed at its meetings.

There is regular dialogue with institutional shareholders and private shareholders at the AGM. Contact with institutional shareholders (and with financial analysts, brokers and the media) is controlled by written guidelines in the Company's Corporate Communications Code and Market Soundings Policy, in compliance with UK Market Abuse Regulation requirements to ensure the continued protection of share price sensitive information that has not already been made generally available to the Company's shareholders. Contact is also maintained, when appropriate, to discuss overall remuneration plans and policies with shareholders.

The primary method of communicating with shareholders is by electronic means, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the production and posting of its Annual Report. The Annual Report is available to all shareholders and can be accessed via the Company's website www.compass-group.com. The Group's annual and interim results are also published on the Company's website, together with all other announcements and documents issued to the market, such as statements, interviews and presentations by the Group CEO and Group CFO.

The Notice of Annual General Meeting is circulated to all shareholders at least 21 days prior to such meeting and it is Company policy not to combine resolutions to be proposed at general meetings. Except in cases where the Company is otherwise prevented by measures introduced to safeguard the health and safety of our shareholders, for example those measures employed during the year by the UK Government to control the spread of COVID-19 by limiting public gatherings such as those in place for the 2021 AGM, all shareholders are invited to the Company's AGM. At the AGM, shareholders have the opportunity to put questions to the Board and it is standard practice to have the chairs of the Audit, Corporate Responsibility, Nomination and Remuneration Committees available to answer questions. The results of proxy voting for and against each resolution, as well as votes withheld, are announced to the London Stock Exchange and are published on the Company's website as soon as practicable after the meeting. Further shareholder information is available on pages 296 to 298.

CREST

The Company's ordinary shares and sterling Eurobonds are in CREST, the settlement system for stocks and shares.

DISCLOSURES REQUIRED UNDER UK LISTING RULE 9.8.4

There are no disclosures required to be made under UK Listing Rule 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 144 to 177 and details of dividends waived by shareholders can be found on page 178.

SHAREHOLDER SERVICES

Details of services provided to shareholders can be found in the Shareholder Information section on pages 296 to 298 and on the Company's website.

AGM

The Notice of Meeting setting out the resolutions to be proposed at the 2022 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 of the resolutions.

On behalf of the Board

ALISON YAPP
Group General Counsel and Company Secretary

23 November 2021

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

DIRECTORS' RESPONSIBILITIES

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 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

23 November 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU').

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU')
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Compass Group PLC ("the Company") for the year ended 30 September 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet and the Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in notes A to U of the Group financial statements and A to J of the Parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 14 March 2014. The period of total uninterrupted engagement is for the eight financial years ended 30 September 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£62m (2020:£68m) 0.35% of revenue (2020: 5.2% of normalised Group profit before tax)	
Coverage	89% (2020: 83%) of Group profit before tax	
Key audit matters		**vs 2020**
Event driven	Goodwill impairment in respect of the UK cash generating unit	◀▶
	Recoverability of contract related non-current assets (contract fulfilment assets and contract costs, right of use assets, property, plant & equipment and intangible assets)	◀▶
Recurring risks	Uncertain direct tax provisions	◀▶
	Recoverability of the Parent Company's investment in subsidiaries and amounts owed by Group undertakings	◀▶

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Goodwill impairment in respect of the UK cash generating unit UK CGU Goodwill £1,456 million (2020: £1,456 million) » Refer to page 126 (Audit Committee Report), pages 202 and 206 (Accounting Policies) and pages 223 and 224 (Financial Disclosures).	Forecast-based assessment: The Group has a significant carrying amount of goodwill which is spread across a range of cash-generating units (CGUs) in different countries. The value in use calculation for the CGUs, which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue, operating margin, long-term perpetuity growth rate and discount rate). Estimation uncertainty has remained at an elevated level as a result of the impact of COVID-19 on the related markets. The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the UK CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 8) disclose the sensitivity estimated by the Group. These disclosures give relevant information about the estimation uncertainty including the risk of a reduction in the headroom or need for an impairment as a result of a reasonably possible change in one or more of the key assumptions.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Benchmarking assumptions and historical comparison:** Assessing and challenging the operating cash flow assumptions used by the Group through retrospective review; comparison to external industry forecasts; and analysis of analysts' reports. • **Our sector experience:** Using our valuations experts to challenge the appropriateness of discount rate by deriving our own independent range and comparing long term perpetuity growth rates to market data. • **Sensitivity analysis:** Estimating the value in use recoverable amount utilising independent and more conservative forecasts and independently derived discount rates and assessed whether this resulted in impairment. • **Historical comparisons:** Evaluating the track record of historical assumptions used against actual results achieved. • **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions reflect the risks inherent in the estimation of the recoverable amount of goodwill. Our results We found the Group's conclusion that there is no impairment of UK CGU's goodwill to be acceptable (2020 result: acceptable) and we found the sensitivity disclosures made to be acceptable (2020 result: acceptable).

	The risk	Our response
Recoverability of contract related non-current assets (contract fulfilment assets and contract costs, right of use assets, property, plant & equipment and intangible assets) » Refer to page 126 (Audit Committee Report), pages 205, 207 and 209 (Accounting Policies) and page 216 (Financial Disclosures).	Forecast-based assessment: The Group, as with other companies, is impacted by the outbreak of COVID-19 which has continued to result in significant disruption to the Group's operations. This has resulted in a deterioration in the financial performance and position of the Group driven by the significant loss of revenue and profits in the Business & Industry, Sports & Leisure and the Education sectors as compared to pre-COVID 19 results. As a result, whilst the Group has seen some recovery in these sectors during the year, there is a risk that contracts with customers in these sectors may not be performing as expected. When this is the case, there is a risk that the associated contract related non-current assets capitalised on the balance sheet may no longer be recoverable. Assessing whether or not contract related non-current assets are recoverable requires judgement about future events which are inherently uncertain. The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of contract related non-current assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than materiality.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Sensitivity analysis:** Where a contract is loss making we assessed the degree of uncertainty in regard to the recoverability of the contract related non-current assets through sensitising the key assumptions used in the Group's impairment forecasts in respect of future revenues and contract operating margins. • **Test of detail:** Examining contract asset impairment calculations prepared by the Group and assessing key assumptions used such as revenues and operating margins with reference to historic performance and other corroborative evidence. • **Assessing transparency:** Assessing the adequacy of the Group's disclosures in respect of impairment of contract related non-current assets. Our results We found the contract related non-current assets balance, and the related impairment charge, to be acceptable (2020 result: acceptable).

	The risk	Our response
Uncertain direct tax provisions » Refer to page 126 (Audit Committee Report), pages 202 and 206 (Accounting Policies) and pages 220 to 222 and page 266 (Financial Disclosures).	Subjective estimate: The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing. As a result of the complexities of tax rules on transfer pricing and other tax legislation, the provisioning for uncertain direct tax positions is judgemental and requires the directors to make estimates in relation to these uncertainties. The directors' estimation includes assessing the likelihood of potentially material exposures as a result of changes in local tax regulations and evaluating ongoing inspections by local tax authorities and international bodies, which could materially impact the amounts recorded in the Group financial statements.	We performed the tests below rather than seeking to rely on any of the Group's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: • **Our taxation expertise:** With the assistance of our tax specialists, we analysed and challenged the assumptions used to determine the provisions recognised using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts, and assessing whether the approach applied by the Group is supported by custom and practice. • With the help of our tax specialists we considered whether the judgements applied to each significant provision, including the maximum potential exposure and the likelihood of a payment being required were appropriate. • **Test of detail:** Examining the calculations prepared by the directors and agreeing key assumptions used to underlying data. • Inspecting correspondence with relevant tax authorities and assessing third party tax advice received to evaluate the conclusions drawn in the advice where relevant to the significant exposures faced by the Group and how these have been used by the directors in their assessment of the likelihood of any outflow and estimate of the provision. • **Assessing transparency:** Assessing the adequacy of the Group's disclosures in respect of tax and uncertain direct tax positions. Our results We found the level of tax provisioning to be acceptable (2020: acceptable).

	The risk	Our response
Recoverability of the Parent Company's investment in subsidiaries and amounts owed by Group undertakings Investments £1,074 million (2020: £1,056 million) Intercompany receivables £9,159 million (2020: £9,543 million) » Page 293 (Financial Disclosures).	Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries held at cost less impairment and intercompany receivables represent 88% (2020: 88%) of the Parent Company's total assets. We do not consider the recoverability of these investments and intercompany receivables to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Parent Company audit.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Test of details:** Comparing a sample of the investment and intercompany receivables' carrying amounts to the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset value, being an approximation of the minimum recoverable amount, was in excess of their carrying amount. • **Assessing subsidiary's net assets:** For the relevant subsidiaries (investment holding companies), we compared the net assets of the relevant subsidiary to the final net assets in the prior year audited financial statements. Based on the knowledge acquired during the audit of the consolidated Group, including reporting received from component auditors for the underlying trading operations, we considered whether there were any events indicating that the net assets would be materially different from the prior year position. • **Test of details:** When the net assets of the relevant subsidiary was insufficient to support the carrying value we considered the performance of the underlying investments held by the relevant subsidiary in order to assess whether there was an indication of impairment. • **Our sector experience:** In addition, for certain investments and receivables, we evaluated the assumptions used in the applicable impairment model, in particular those relating to forecast profit growth, using our knowledge and historic experience of the profitability of the underlying trading Group. • **Assessing expected credit losses:** For a sample of the intercompany receivables we evaluated the expected credit losses determined by the directors, in particular the likely risk of default with reference to the credit worthiness of the counterparty and any recent evidence of incurred credit losses. • **Benchmarking assumptions:** We compared the assumptions in the applicable impairment model for the investment to externally derived data in relation to projected economic growth and discount rates. Our results We found the Parent Company's conclusion that there is no impairment of its investments in subsidiaries and amounts owed by Group undertakings to be acceptable (2020: acceptable).

In the prior year, we reported a key audit matter in respect of Group's going concern given the unprecedented levels of uncertainty at the early stages of the COVID-19 pandemic and its potential impact on the Group's future liquidity and financial performance. Following the Group's resilience to the effects of COVID-19 and its liquidity we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified as a key audit matter in our report this year.

In the prior year we also reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the impact of these uncertainties has reduced considerably. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and impairment tests however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £62m, determined with reference to a benchmark of revenue, of which it represents 0.35%.

As a result of the continued impact of the COVID-19 pandemic, the profit of the Group for the years ended 30 September 2020 and 30 September 2021 were significantly impacted with profit before tax declining by 86% and 69%, respectively, when compared to profit before tax for the year ended 30 September 2019. However, the overall scale of the business, both geographically and in terms of units, did not reduce. In these situations, auditing standards allow for an alternative benchmark to be used in determining materiality that is most likely to influence the decision making of the users of the financial statements and appropriately reflects the scale of the business. We determined that for the current year, as a result of this continued impact, that revenue was the most appropriate alternative benchmark in these circumstances to determine materiality.

In the prior year, materiality for the Group financial statements as a whole was set at £68m, determined with reference to a benchmark of Group profit before tax (normalised to exclude cost action programme, COVID-19 resizing costs, impairment losses on contract related assets and the net gain on the sale of businesses, and by averaging over the then last four years due to volatility in performance caused by the COVID-19 pandemic) of £1.3 billion of which materiality represented 5.2%.

Materiality for the Parent Company financial statements as a whole was set at £49m (2020: £54m), determined with reference to a benchmark of the Parent Company total assets, of which it represents 0.4% (2020: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £46.5m (2020: £51m) for the Group and £36m (2020: £40m) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.1m (2020: £3.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 52 (2020: 51) reporting components, we subjected 16 (2020: 15) to full scope audits for group purposes.

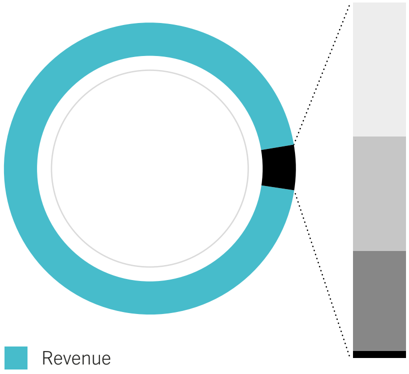
The components within the scope of our work accounted for the percentages illustrated opposite.

GROUP REVENUE

£17.9 billion
(2020: £19.9 billion)

GROUP MATERIALITY

£62 million
(2020: £68 million)



£62 million
Whole financial statements materiality (2020: £68 million)

£53 million
Range of materiality at 16 components (£3 million to £53 million) (2020: £3 million to £58 million)

£46.5 million
Whole financial statements performance materiality (2020: £51 million)

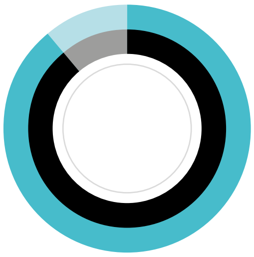
£3.1 million
Misstatements reported to the Audit Committee (2020: £3.4 million)

Revenue

Group materiality

GROUP REVENUE

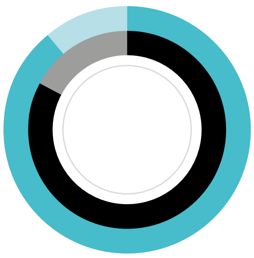
89% (2020: 89%)



FULL SCOPE FOR GROUP AUDIT PURPOSES 2021	89%
RESIDUAL COMPONENTS	11%
FULL SCOPE FOR GROUP AUDIT PURPOSES 2020	89%
RESIDUAL COMPONENTS	11%

GROUP PROFIT BEFORE TAX

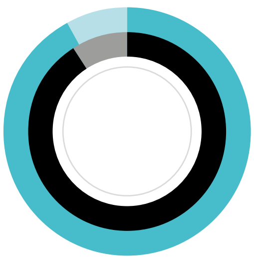
89% (2020: 83%)



FULL SCOPE FOR GROUP AUDIT PURPOSES 2021	89%
RESIDUAL COMPONENTS	11%
FULL SCOPE FOR GROUP AUDIT PURPOSES 2020	83%
RESIDUAL COMPONENTS	17%

GROUP TOTAL ASSETS

92% (2020: 91%)



FULL SCOPE FOR GROUP AUDIT PURPOSES 2021	92%
RESIDUAL COMPONENTS	8%
FULL SCOPE FOR GROUP AUDIT PURPOSES 2020	91%
RESIDUAL COMPONENTS	9%

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT (CONT.)

The remaining 11% (2020: 11%) of total Group revenue, 11% (2020: 17%) of Group profit before tax and 8% (2020: 9%) of total Group assets is represented by 36 (2020: 36) group reporting components, none of which individually represented more than 3% (2020: 3%) of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £3m to £53m (2020: £3m to £58m), having regard to the mix of size and risk profile of the Group across the components. The work on 13 of the 16 components (2020: 12 of the 15 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team. The Group team performed procedures on the items excluded from normalised Group profit before tax.

Due to the current restrictions on travel and social distancing measures, enacted as a response to the global COVID-19 pandemic, senior members of the Group engagement team used video conferencing to oversee the component auditor work and had video discussions with management of the component locations in scope of the Group audit. The Group engagement team assessed the audit risk and strategy and directed the audit work of component auditors. The Group audit team also evaluated the sufficiency of the audit evidence obtained through discussions with, and remote review of the audit working papers of, component teams.

4. GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern until at least 31 March 2023 ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources and/or metrics relevant to debt covenants over this period that were:

- The uncertainty of the impact of COVID-19, with future range of possible effects such as further waves of global infections currently unknown to performance, given the rapidly evolving nature; and
- The ability of the Group to respond and adapt to structural changes in the industry as a result of COVID-19

We also considered less predictable but realistic second order impacts, such as the impact of inflationary increases in the cost of labour or food and adverse changes in economic conditions, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note A to the Group financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note A to the Group financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note A to be acceptable; and
- the related statement under the Listing Rules set out on page 71 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and all relevant committee minutes.
- Considering remuneration incentive schemes (primarily the annual bonus plan) and performance targets for management and directors including revenue, margin and cash flow targets for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management and those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, competition and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT (CONT.)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 82 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 82 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT (CONT.)

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the audit committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 184, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so. In addition the directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

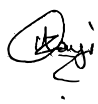
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



ZULFIKAR WALJI (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR
Chartered Accountants

15 Canada Square, London E14 5GL

23 November 2021

	Notes	2021 £m	2021 £m	2020[1] £m	2020[1] £m
Revenue	1		**17,908**		19,940
Net impairment gains/(losses) on trade receivables	15	**28**		(94)	
Other operating costs		**(17,422)**		(19,556)	
Operating costs	2		**(17,394)**		(19,650)
Operating profit before joint ventures and associates			**514**		290
Share of results of joint ventures and associates	1, 13		**31**		4
Underlying operating profit[2]	1, 32	**811**		561	
Acquisition related costs[3]	32	**(106)**		(70)	
One-off pension charge[3]	32	**(2)**		–	
Cost action programme and COVID-19 resizing costs[3]	2, 32	**(157)**		(197)	
Tax on share of profit of joint ventures[3]		**(1)**		–	
Operating profit	1		**545**		294
Net gain on sale and closure of businesses	25		**10**		59
Financial income	4	**7**		10	
Financial expense	4	**(120)**		(144)	
Other financing items gain/(loss)	4	**22**		(9)	
Net finance costs			**(91)**		(143)
Profit before tax	5		**464**		210
Income tax expense	5		**(107)**		(75)
Profit for the year			**357**		135
ATTRIBUTABLE TO					
Equity shareholders	6		**357**		133
Non-controlling interests			**–**		2
Profit for the year			**357**		135
BASIC EARNINGS PER SHARE (PENCE)	6		**20.0p**		8.0p
DILUTED EARNINGS PER SHARE (PENCE)	6		**20.0p**		8.0p

1. Re-presented to disaggregate net impairment gains and losses on trade receivables from operating costs and remove the disclosure of the combined sales of Group and share of equity accounted joint ventures (underlying revenue), which is an Alternative Performance Measure (see note 1).
2. Operating profit excluding specific adjusting items (acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs and tax on share of profit of joint ventures) (see note 32).
3. Specific adjusting item (see note 32).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £m	2020 £m
Profit for the year		**357**	135
Other comprehensive income			
Items that will not be reclassified to the income statement			
Remeasurement of post employment benefit assets	22	**(7)**	–
Remeasurement of post employment benefit obligations	22	**(66)**	(96)
Return on plan assets, excluding interest income	22	**(6)**	78
Change in fair value of financial assets at fair value through other comprehensive income		**4**	(9)
Tax on items relating to the components of other comprehensive income	5	**(5)**	(4)
		(80)	(31)
Items that may be reclassified to the income statement			
Currency translation differences[1]		**(154)**	(204)
Reclassification of cumulative currency translation differences on sale of businesses	25	**(24)**	(14)
Tax on items relating to the components of other comprehensive income	5	**1**	(2)
		(177)	(220)
Total other comprehensive loss for the year (net of tax)		**(257)**	(251)
Total comprehensive income/(loss) for the year		**100**	(116)
ATTRIBUTABLE TO			
Equity shareholders		**100**	(118)
Non-controlling interests		**–**	2
Total comprehensive income/(loss) for the year		**100**	(116)

1. Includes a gain of £37 million in relation to the effective portion of net investment hedges (2020: £47 million).

	Notes	Attributable to equity shareholders							
		Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves[1] £m	Retained (losses)/ earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2020		198	189	295	(2)	4,145	(35)	23	4,813
Profit for the year		–	–	–	–	–	357	–	357
Other comprehensive income									
Remeasurement of post employment benefit assets	22	–	–	–	–	–	(7)	–	(7)
Remeasurement of post employment benefit obligations	22	–	–	–	–	–	(66)	–	(66)
Return on plan assets, excluding interest income	22	–	–	–	–	–	(6)	–	(6)
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	4	–	4
Currency translation differences		–	–	–	–	(154)	–	–	(154)
Reclassification of cumulative currency translation differences on sale of businesses	25	–	–	–	–	(24)	–	–	(24)
Tax on items relating to the components of other comprehensive income	5	–	–	–	–	1	(5)	–	(4)
Total other comprehensive loss		–	–	–	–	(177)	(80)	–	(257)
Total comprehensive (loss)/income for the year		–	–	–	–	(177)	277	–	100
Fair value of share-based payments	24	–	–	–	–	20	–	–	20
Change in fair value of non-controlling interest put options		–	–	–	–	(16)	–	–	(16)
Changes to non-controlling interests due to acquisitions and disposals		–	–	–	–	–	–	5	5
Purchase of own shares to satisfy employee share-based payments		–	–	–	(3)	–	–	–	(3)
Release of share awards settled in existing shares purchased in the market		–	–	–	–	(3)	–	–	(3)
		198	189	295	(5)	3,969	242	28	4,916
Cost of shares transferred to employees		–	–	–	3	–	–	–	3
At 30 September 2021		198	189	295	(2)	3,969	242	28	4,919

1. Other reserves are analysed in note 23.

OWN SHARES

Own shares held by the Group represent 185,228 ordinary shares in Compass Group PLC (2020: 147,058) which are held by the Compass Group PLC All Share Schemes Trust (ASST). These shares are listed on a recognised stock exchange and their market value at 30 September 2021 was £2.8 million (2020: £1.7 million). The nominal value held at 30 September 2021 was £20,468 (2020: £16,250). ASST is a discretionary trust for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for long term incentive plans.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

		Attributable to equity shareholders							
	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves[1] £m	Retained (losses)/ earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2019 (restated)[2]		176	182	295	(4)	4,362	(1,651)	27	3,387
Profit for the year		–	–	–	–	–	133	2	135
Other comprehensive income									
Remeasurement of post employment benefit obligations	22	–	–	–	–	–	(96)	–	(96)
Return on plan assets, excluding interest income	22	–	–	–	–	–	78	–	78
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	(9)	–	(9)
Currency translation differences		–	–	–	–	(204)	–	–	(204)
Reclassification of cumulative currency translation differences on sale of businesses			–	–	–	(14)	–	–	(14)
Tax on items relating to the components of other comprehensive income	5	–	–	–	–	(2)	(4)	–	(6)
Total other comprehensive loss		–	–	–	–	(220)	(31)	–	(251)
Total comprehensive (loss)/income for the year		–	–	–	–	(220)	102	2	(116)
Fair value of share-based payments	24	–	–	–	–	(2)	–	–	(2)
Change in fair value of non-controlling interest put options		–	–	–	–	8	–	–	8
Purchase of own shares to satisfy employee share-based payments		–	–	–	(1)	–	–	–	(1)
Release of share awards settled in existing shares purchased in the market		–	–	–	–	(3)	–	–	(3)
Shares issued, net of expenses[3]		22	7	–	–	1,943	–	–	1,972
Transfer of merger reserve to retained earnings[3]		–	–	–	–	(1,943)	1,943	–	–
Tax on items taken directly to equity	5	–	–	–	–	–	(2)	–	(2)
		198	189	295	(5)	4,145	392	29	5,243
Dividends paid to equity shareholders	7	–	–	–	–	–	(427)	–	(427)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(6)	(6)
Cost of shares transferred to employees		–	–	–	3	–	–	–	3
At 30 September 2020		198	189	295	(2)	4,145	(35)	23	4,813

1. Other reserves are analysed in note 23.
2. Prior year comparatives were restated as required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' to account for joint ventures and associates using the equity method retrospectively when they cease to be classified as held for sale.
3. In May 2020, the Company issued 195,667,352 new ordinary shares of 11 1⁄20 pence each, comprising the 'Placing shares', the 'Subscription shares' and the 'Retail offer shares'. No share premium was recorded in relation to the Placing shares and the premium over the nominal value of these shares was credited to the merger reserve and subsequently recognised in retained earnings as the Company was able to rely on Section 612 of the Companies Act 2006.

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2021

	Notes	30 September 2021 £m	2020 £m
NON-CURRENT ASSETS			
Goodwill	8	**4,550**	4,669
Other intangible assets	9	**1,617**	1,678
Costs to obtain and fulfil contracts	10	**923**	972
Right of use assets	11	**759**	860
Property, plant and equipment	12	**835**	970
Interests in associates and joint ventures	13	**256**	345
Other investments	14	**166**	75
Post employment benefit assets	22	**353**	441
Trade and other receivables	15	**129**	99
Deferred tax assets	5	**212**	146
Derivative financial instruments[1]	19	**116**	237
Non-current assets		**9,916**	10,492
CURRENT ASSETS			
Inventories	16	**327**	310
Trade and other receivables	15	**2,684**	2,319
Tax recoverable		**82**	111
Cash and cash equivalents[1]	17	**1,840**	1,484
Derivative financial instruments[1]	19	**2**	5
		4,935	4,229
Assets held for sale	25	**17**	13
Current assets		**4,952**	4,242
Total assets		**14,868**	14,734
CURRENT LIABILITIES			
Borrowings[1]	18	**(481)**	(106)
Lease liabilities[1]	11	**(180)**	(197)
Derivative financial instruments[1]	19	**(9)**	(9)
Provisions	21	**(298)**	(337)
Current tax liabilities		**(169)**	(228)
Trade and other payables	20	**(4,090)**	(3,615)
		(5,227)	(4,492)
Liabilities held for sale	25	**–**	(7)
Current liabilities		**(5,227)**	(4,499)
NON-CURRENT LIABILITIES			
Borrowings[1]	18	**(3,154)**	(3,673)
Lease liabilities[1]	11	**(665)**	(745)
Derivative financial instruments[1]	19	**(7)**	(2)
Post employment benefit obligations	22	**(224)**	(251)
Provisions	21	**(283)**	(300)
Deferred tax liabilities	5	**(84)**	(120)
Trade and other payables	20	**(305)**	(331)
Non-current liabilities		**(4,722)**	(5,422)
Total liabilities		**(9,949)**	(9,921)
Net assets		**4,919**	4,813
EQUITY			
Share capital	23	**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Own shares		**(2)**	(2)
Other reserves	23	**3,969**	4,145
Retained earnings/(losses)		**242**	(35)
Total equity shareholders' funds		**4,891**	4,790
Non-controlling interests		**28**	23
Total equity		**4,919**	4,813

1. Component of net debt.

Approved by the Board of Directors on 23 November 2021 and signed on its behalf by:

Dominic Blakemore, Director

Palmer Brown, Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £m	2020[1] £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	26	**1,492**	1,218
Interest paid		**(121)**	(145)
Tax received		**29**	40
Tax paid		**(229)**	(268)
Net cash flow from operating activities		**1,171**	845
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies	25	**(157)**	(464)
Purchase of additional interest in joint ventures and associates	13	**(5)**	(15)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs[2]	25	**(11)**	29
Purchase of intangible assets		**(155)**	(166)
Purchase of contract fulfilment assets	10	**(231)**	(272)
Purchase of property, plant and equipment		**(228)**	(271)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		**44**	43
Purchase of other investments	14	**(20)**	(1)
Proceeds from sale of other investments	14	**3**	16
Dividends received from joint ventures and associates	13	**28**	61
Interest received		**5**	8
Net cash flow from investing activities		**(727)**	(1,032)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of ordinary share capital, net of expenses	23	**–**	1,972
Purchase of own shares to satisfy employee share-based payments		**(3)**	(1)
Increase in borrowings		**11**	2,362
Repayment of borrowings		**(7)**	(2,549)
Repayment of principal under lease liabilities		**(153)**	(152)
Dividends paid to equity shareholders	7	**–**	(427)
Dividends paid to non-controlling interests		**–**	(6)
Net cash flow from financing activities	27	**(152)**	1,199
CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		**292**	1,012
Cash and cash equivalents at 1 October		**1,387**	381
Currency translation losses on cash and cash equivalents		**(25)**	(5)
Sub-total		**1,654**	1,388
Cash reclassified from/(to) held for sale		**2**	(1)
Cash and cash equivalents at 30 September		**1,656**	1,387
Cash and cash equivalents[3]	17	**1,840**	1,484
Bank overdrafts[3]	18	**(184)**	(97)
Cash and cash equivalents at 30 September		**1,656**	1,387

1. Re-presented to include all bank overdrafts in cash and cash equivalents in the consolidated cash flow statement. Accordingly, the prior year increase in borrowings has been reduced by £79 million, from £2,441 million to £2,362 million. The effect on cash and cash equivalents in the prior year is not considered to be material. The change in presentation has no effect on cash and cash equivalents in the consolidated balance sheet or net cash flow from operating activities in the consolidated cash flow statement.
2. 2021 includes £43 million (2020: £12 million) of tax payments in respect of prior year business disposals.
3. As per the consolidated balance sheet.

INTRODUCTION

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below:

A BASIS OF PREPARATION

The Group has prepared its accounts in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU'). The accounts have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 82. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Business Review on pages 64 to 71. The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons stated below.

At 30 September 2021, the Group's financing arrangements included sterling and Euro bonds (£2,343 million) and USD US Private Placements (USPP) (£1,106 million). In addition, the Group had Revolving Credit Facilities of £2,000 million (£140 million committed to August 2024 and £1,860 million committed to August 2026), which were fully undrawn, and £1,656 million of cash net of overdrafts. At the date of approving these consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

A USPP of $398 million (£295 million) was repaid on 1 October 2021 and a Eurobond of €500 million (£440 million) will mature on 27 January 2023. There are no other debt maturities in the 18 months to 31 March 2023.

The USPP debt is subject to certain financial covenants, which are tested on 31 March and 30 September every year. The Group met both covenants as at 30 September 2021. The Group's other financing arrangements do not contain any financial covenants.

The directors have prepared projected cash flow information for the period to 31 March 2023 (the assessment period). The period to 31 March 2023 was used for the going concern assessment to consider the potential impact of COVID-19 over an extended period alongside the debt maturing in January 2023. The directors have considered the impact of COVID-19 on future financial performance and cash flows with the key judgement being the extent to which performance recovers in the assessment period.

In the base case scenario, the businesses that have been closed are assumed to continue reopening in a phased manner. In this base case scenario, the directors consider that the Group will continue to operate within its available committed facilities with significant headroom and meet its financial covenant obligations under its USPP debt agreements.

In a severe but plausible downside scenario, the directors have reflected the potential impact of prolonged pandemic disruption by modelling an 18 month delay in the recovery of revenue from the COVID-19 pandemic and limited margin progression over the assessment period. It has also been assumed that no additional debt is raised. The scenario assumes that there is no new M&A activity as a mitigating action.

In this severe but plausible downside scenario modelled by the directors, the Group and parent company continue to retain sufficient headroom and meet the financial covenant obligations under the USPP debt agreements.

Consequently, the directors are confident that the Group and parent company will have sufficient funds to continue to meet their liabilities as they fall due for at least the period to 31 March 2023 and, therefore, have prepared the financial statements on a going concern basis.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

Amendments to accounting standards that have been adopted by the Group in the current year:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IAS 1 and IAS 8 'Definition of Material'
- Amendments to IFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2'

There is no significant impact on the Group's consolidated results or financial position as a result of adopting these amendments.

NEW ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

There are a number of other amendments and clarifications to IFRS, effective in future years, which are not expected to significantly impact the Group's consolidated results or financial position.

B JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

ACCOUNTING JUDGEMENTS

There are no judgements that management considers to be critical in the preparation of these financial statements.

In the prior year, going concern was considered to be a critical judgement due to the level of uncertainty as to the future impact on the financial performance and cash flows of the Group as a result of COVID-19. This year, going concern is not considered to be a critical judgement reflecting the Group's improved financial performance, strong financial position and business prospects.

There is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement. Contract fulfilment assets originate when payments are made, normally up front at the start of the client contract, that provide enhanced resources to the Group over the contract term. The Group classifies additions to contract fulfilment assets as investing activities in accordance with IAS 7 'Statement of Cash Flows' as they arise from cash payments in relation to assets that will generate long term economic benefits. Further details are provided in note 10.

ESTIMATION UNCERTAINTY

Major sources of estimation uncertainty

The Group's major sources of estimation uncertainty are in relation to goodwill and post employment benefits on the basis that a reasonably possible change in key assumptions could have a material effect on the carrying amounts of assets and liabilities in the next 12 months.

Goodwill
The Group tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 'Impairment of Assets'. The recoverable amounts of the Group's cash-generating units (CGU) have been determined based on value in use calculations, which involve a higher inherent level of estimation due to the ongoing uncertainty caused by COVID-19. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. Although the impact of COVID-19 is not expected to significantly impact the long term prospects of the Group's CGUs, the size of the short term shock of the pandemic combined with higher discount rates have reduced the level of headroom in certain CGUs in comparison with the prior year. The key assumptions used for the value in use calculations and sensitivity analysis are set out in note 8.

Post employment benefits
The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19 'Employee Benefits'. The present value of the defined benefit liabilities is based on assumptions determined with independent actuarial advice. The size of the net surplus/deficit is sensitive to the market value of the assets held by the schemes and to actuarial assumptions, which include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions. The key assumptions used to value the liabilities and sensitivity analysis are set out in note 22.

Other sources of estimation uncertainty

In addition to the major sources of uncertainty, management has identified other sources of estimation uncertainty which are summarised below. These are not considered to be major sources of uncertainty as defined by IAS 1 'Presentation of Financial Statements'.

Taxes
The Group has operations in around 45 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

The changing regulatory environment affecting all multinationals increases the estimation uncertainty associated with calculating the Group's tax position. This is as a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross border transparency.

The Group estimates and recognises additional tax liabilities as appropriate based on management's interpretation of country-specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

Further details of this are provided in note 5 and note 28.

COVID-19

Management has considered the ongoing impact of COVID-19 on the following estimates in the consolidated financial statements as at 30 September 2021:

- *Recoverability of contract related non-current assets*
  Contract related non-current assets include intangible assets, costs to obtain and fulfil contracts, right of use assets and property, plant and equipment. The Group has tested for impairment its contract related non-current assets where there are indicators of impairment. Impairment indicators were considered to be present when client contracts had low profitability or were loss-making due to a reduction in volumes as a result of COVID-19. In these instances, management has estimated the recoverable value of these assets and compared it to their carrying value in order to estimate any impairment to be recorded. The estimate of the recoverable amount was derived from the most recent management forecasts in relation to the likely trading performance over the remaining life of the contracts, taking into account the potential impact of COVID-19, including the time period of government enforced restrictions and the extent to which performance would recover in the following year. Due to the ongoing uncertainty regarding COVID-19, the assumptions used in these estimates include an increased level of inherent uncertainty. Further details in relation to impairment of contract related non-current assets are provided in note 2.

- *Impairment of trade receivables*
  The Group considers that, given the ongoing economic impact of COVID-19, there is additional uncertainty when determining the assumptions used in calculating expected credit losses. The Group has no significant concentration of credit risk. The largest client constitutes only 3% of Group revenue and the top 10 clients account for 12% of Group revenue. Further details are included in note 15.

- *Provisions*
  The Group has made provisions for unavoidable costs arising from certain contracts. These provisions are estimates based on expected costs and the timing of future cash flows which are dependent on future events and market conditions, which are more uncertain due to COVID-19. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Details of these provisions are set out in note 21.

C BASIS OF CONSOLIDATION

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint arrangements and associates made up to 30 September each year.

D SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

SUBSIDIARIES

Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing control.

ASSOCIATES

Associates are undertakings that are not subsidiaries or joint arrangements over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of the profit after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Group balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

JOINT ARRANGEMENTS

Joint arrangements are entities in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and other entities under a contractual agreement. The Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the agreements covering the joint operations. Joint ventures are accounted for using the equity method.

ADJUSTMENTS

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

ACQUISITIONS AND DISPOSALS

The results of subsidiaries, associates or joint arrangements acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

INTRA-GROUP TRANSACTIONS

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group subsidiary transacts with a joint operation of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant joint operation.

E ACQUISITIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued.

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale which are recognised and measured at fair value less costs to sell.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Where not all the equity of a subsidiary is acquired, the non-controlling interest is recognised at the non-controlling interest's proportionate share of the net assets of the subsidiary. Put options over non-controlling interests are recognised as a financial liability measured at fair value which is re-evaluated at each year end with a corresponding entry in other reserves.

F FOREIGN CURRENCY

The consolidated financial statements are prepared in sterling, which is the functional and reporting currency of the Company.

In preparing the financial statements of individual companies within the Group, transactions in currencies other than the companies' functional currency are recorded at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates on the balance sheet date. Gains and losses arising on retranslation are included in the consolidated income statement for the year, except for where they arise on items taken directly to other comprehensive income, in which case they are also recognised in the consolidated statement of comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward currency contracts (see section Q for the Group's accounting policies in respect of derivative financial instruments).

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

G REVENUE AND CONTRACT COSTS

Revenue represents income derived from contracts for the provision of food and support services by the Group to customers in exchange for consideration in the normal course of business. The Group's revenue is comprised of revenues under its contracts with clients. Clients engage the Group to provide food and support services at their locations. Depending on the type of client and service, we are paid either by our client and/or directly by the consumers to whom we have been provided access by our client, such as the client's employees, visitors, pupils, patients and spectators. Payment terms are set at contract level and vary according to country, sector and individual client.

PERFORMANCE OBLIGATIONS

The Company recognises revenue when its performance obligations are satisfied. Performance obligations are satisfied as control of the goods and services is transferred to the client and/or consumers. In certain cases, clients engage us to provide food and support services in a single multi service contract. We recognise revenue for each separate performance obligation in respect of food and support services as these are provided. There is little judgement involved in determining if a performance obligation has been satisfied.

At contract inception, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract. Performance obligations are usually clearly identified within contracts and revenue is recognised for each separate performance obligation. Generally, where the Group has the obligation to its clients to make available the provision of food service for a predetermined period, its performance obligation represents a series of services delivered over time. There are also contracts under which the Group sells products directly to consumers and these performance obligations represent a transfer of a good at a point in time.

TRANSACTION PRICE

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding value added tax and similar sales taxes. For example, the transaction price may be based on a price per meal, which may vary with volume, or could be based on costs incurred plus an agreed management fee.

The Group makes a variety of ongoing payments to clients, mainly commissions, concession rentals and reimbursement of utility costs. These are assessed for treatment as consideration paid to customers and where they are not in exchange for a distinct good or service they are recognised as a reduction of the transaction price. In addition, the Group may make a cash payment to a client typically at the start of a contract which is not an investment in service assets and does not generate or enhance the Group's resources. Such payments are reported as prepayments and, as they are considered not to be in exchange for a distinct good or service, they are charged to the income statement as a deduction to revenue recognised over the contract term rather than as an operating cost.

TIMING OF REVENUE RECOGNITION

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time.

The Group has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Group as the food service and/or support service are rendered at the client site. In these circumstances, revenue is recognised at the amount which the Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance completed to date. Where the Group is contracted to sell directly to consumers, for example in a retail café concession, the performance obligation is satisfied at a point in time, namely when the products are sold to the consumer.

The nature, amount, timing and uncertainty of revenue and cash flows for performance obligations within a contract that are satisfied over time and at a point in time are considered to be similar and they are affected by the same economic factors.

COSTS TO OBTAIN A CONTRACT

Costs incurred during the bidding period, prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset.

The incremental costs to obtain a contract with a customer, such as commissions to the salesforce, are capitalised if it is expected that those costs will be recoverable. Only commissions directly attributable to an individual contract award are capitalised, while commissions payable due to multiple contract wins or due to a portfolio of client contracts are expensed as incurred as they cannot be directly attributable to an identified contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

COSTS TO FULFIL A CONTRACT

Costs incurred in the fulfilment of the Group's obligations to the client under the contract are recognised in the consolidated balance sheet and include contributions towards service assets, such as kitchen and restaurant fit out costs and equipment, which are capitalised as contract fulfilment assets. Contract fulfilment costs covered within the scope of another accounting standard, such as property, plant and equipment and intangible assets, are not capitalised as contract fulfilment assets but are treated according to other standards.

UTILISATION, DERECOGNITION AND IMPAIRMENT OF CONTRACT FULFILMENT ASSETS AND CAPITALISED COSTS TO OBTAIN A CONTRACT

Contract fulfilment assets are amortised on a straight line basis over the shorter of the life of the client contract and the useful economic life of the assets. The amortisation charge is included within operating costs. Costs incurred to obtain a contract are unwound over the life of the client contract as an expense.

Capitalised costs are derecognised either when disposed of or when no further economic benefits are expected to flow from their use or disposal.

Whenever impairment indicators exist, the Group determines the recoverability of the contract fulfilment assets and capitalised costs to obtain a contract by comparing their carrying amount to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

H REBATES AND OTHER AMOUNTS RECEIVED FROM SUPPLIERS

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume related rebates.

Income from value and volume related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period.

Rebates received in respect of plant and equipment are deducted from the costs capitalised and are recognised in the consolidated income statement in line with depreciation.

Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed.

Rebates relating to items purchased, but still held at the balance sheet date, are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

I BORROWING COSTS

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

J OPERATING PROFIT

Operating profit is stated after the share of profit after tax of joint ventures and associates, and before finance costs.

K SPECIFIC ADJUSTING ITEMS

Specific adjusting items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Further details are provided in note 32.

L TAX

Income tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement except where it relates to items taken directly to the consolidated statement of comprehensive income or equity, in which case it is recognised in the consolidated statement of comprehensive income or equity as appropriate.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted in respect of that period at the balance sheet date. Tax benefits are recognised if it is probable that these will be accepted by the relevant tax authorities.

Subsequently, they are reviewed each year to assess whether provisions against full recognition of the benefits are necessary.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

M INTANGIBLE ASSETS

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business and relates to the total business for a country. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the consolidated income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, at fair value as at the date of the acquisition. Group investment in rights to generate significant consumer revenue under client contracts is recognised at cost as other intangible assets.

Amortisation is charged on a straight line basis over the expected useful lives of the assets. Intangible assets are reviewed for impairment annually.

The following rates applied for the Group:

- client contract related intangible assets: the life of the contract
- computer software: 20% to 33% per annum

The typical useful life of contract related intangibles ranges from 2 to 20 years.

Client contract related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract, including the renewal period where appropriate. Underlying operating profit and underlying earnings per share exclude the amortisation of contract related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

N PROPERTY, PLANT AND EQUIPMENT

All tangible fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. Freehold land is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is provided on a straight line basis over the anticipated useful lives of the assets.

The following rates applied for the Group:

- freehold buildings: 2% per annum
- plant and machinery: 8% to 33% per annum
- fixtures and fittings: 8% to 33% per annum

When assets are sold, the difference between the sales proceeds and the carrying amount of the assets is recognised in the consolidated income statement.

O ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell. Goodwill is allocated to the held for sale business on a relative fair value basis where this business forms part of a larger CGU. Investments in joint ventures and associates that have been classified as held for sale are no longer accounted for using the equity method.

If the non-current asset or disposal group that ceases to be classified as held for sale is a subsidiary, joint venture or associate, prior year comparatives are restated for the periods since classification as held for sale and accounted for retrospectively.

P INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using either the weighted average price or the first in, first out method as appropriate to the circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Q FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and derecognised when it ceases to be party to such provisions. Financial assets are classified as current if they are expected to be received within 12 months of the balance sheet date. Financial liabilities are classified as current if they are legally due to be paid within 12 months of the balance sheet date.

Financial assets and liabilities, including derivative financial instruments, denominated in foreign currencies are translated into sterling at period end exchange rates. Financial assets are classified as either fair value through profit and loss, fair value through other comprehensive income or amortised cost. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

INVESTMENTS

Other investments comprising debt and equity instruments are recognised at fair value plus direct transaction costs.

Debt instruments are classified at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. When the debt instrument is derecognised, cumulative amounts in other comprehensive income are reclassified to the income statement.

Equity investments have been irrevocably designated at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, and are not subsequently reclassified to the Group income statement, including on derecognition. Impairment losses are not recognised separately from other changes in fair value. Dividends are recognised in the Group income statement when the Group's right to receive payment is established.

Other investments that are not equity investments, whose cash flows are not solely principal and interest or are not held in order to collect contractual cash flows, are classified and measured at fair value through profit and loss. Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

TRADE RECEIVABLES

The carrying value of all trade receivables is recorded at amortised cost and reduced by provisions for impairment, which are measured at an amount equal to lifetime expected credit losses. In determining credit risk, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, and forward looking information.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand, money market funds and short term deposits with an original maturity of three months or less. Cash and overdrafts are presented on a net basis when the Group has a legally enforceable right to set off the balances and it regularly settles the balances on a net basis.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

TRADE PAYABLES

Trade payables are not interest bearing and are stated at their nominal value.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or net investment hedges where they hedge the exposure to foreign currency arising from a net investment in foreign operations.

On adoption of IFRS 9 'Financial Instruments', the Group elected to continue to apply hedge accounting guidance in IAS 39 'Financial Instruments: Recognition and Measurement'.

Fair value hedges

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the consolidated income statement. Where the adjustment is to an unrecognised firm commitment, an asset or liability is recognised on the balance sheet. When the hedged transaction occurs, that asset or liability is recognised in the initial measurement of the acquisition cost and carrying amount of the asset or liability. Where the adjustment is to the carrying amount of a hedged interest bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

Net investment hedges
The Group uses foreign currency denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The Group designates these as a hedge of its net investments in foreign operations and recognises the gains or losses on the retranslation of the borrowings in other comprehensive income. If the Group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in other comprehensive income, with any ineffective portion being recognised immediately in the income statement. Exchange differences arising from a monetary item receivable from or payable to a Group foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Gains and losses accumulated in other comprehensive income are recycled through the consolidated income statement on disposal of the foreign operation.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the consolidated income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

R LEASES

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The Group allocates the consideration in the contract to each lease and non-lease component. The non-lease component, where it is separately identifiable, is not included in the right of use asset.

When a lease is recognised in a contract the Group recognises a right of use asset and a lease liability at the lease commencement date. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets with an initial fair value less than approximately £5,000 and short term leases of 12 months or less. For these leases, the lease payments are charged to the income statement as an operating expense on a straight line basis over the period of the lease.

The right of use asset is initially measured at cost, comprising the initial lease liability adjusted for any lease payments already made, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments that are reasonably certain and not paid at the commencement date, discounted at the lessee's incremental borrowing rate specific to the term, country and start date of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method. The lease liability is remeasured, with a corresponding adjustment to the right of use asset, by discounting the revised lease payments as follows:

- using the initial discount rate at the inception of the lease when lease payments change as a result of changes to residual value guarantees and changes in an index other than a floating interest rate
- using a revised discount rate when lease payments change as a result of the Group's reassessment of whether it is reasonably certain to exercise a purchase, extension or termination option, changes in the lease term or as a result of a change in floating interest rates

The lease term is the non cancellable period beginning at the contract commencement date plus periods covered by an option to extend the lease, if it is reasonably certain that the Group will exercise the option, and periods covered by an option to terminate the lease, if it is reasonably certain that the Group will not exercise this option.

Variable lease payments that are not included in the measurement of the lease liability are recognised in the consolidated income statement in the period in which the event or condition that triggers payment occurs.

S PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. Restructuring provisions are recognised if a detailed restructuring plan is in place, a valid expectation that the plan will be implemented has been created in those impacted by it and there is a reliable estimate of the costs involved. Restructuring provisions only include the direct costs of the restructuring and exclude future operating costs. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

T EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group operates two types of pension plans:

- defined contribution plans where the Group makes contributions to a member's pension plan but has no further payment obligations once the contributions have been paid
- defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules

For defined contribution plans, the Group pays contributions to separately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions payable by the Group in respect of defined contribution plans are charged to the consolidated income statement when they are due. Payments made to state managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit plans, the calculation of the defined benefit obligation is performed at least once a year by a qualified actuary using the projected unit credit method. The consolidated balance sheet reflects a net asset or net liability for each defined benefit pension plan. The net asset or liability recognised is the present value of the defined benefit obligation discounted using the yields on high quality corporate bonds less the fair value of plan assets (at bid price), if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund.

For the UK defined benefit plan, the Group considers that it has an unconditional right to a refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent. The Group's judgement is that these trustee rights do not prevent the Group from recognising an unconditional right to a refund and therefore a surplus.

Net interest income (if a plan is in surplus) or net interest expense (if a plan is in deficit) is calculated using yields on high quality corporate bonds and recognised in the consolidated income statement. A current service cost is recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period.

Remeasurements, which include gains and losses as a result of changes in actuarial assumptions, the effect of the limit on the plan surplus (if any) and returns on plan assets (other than amounts included in net interest) are recognised in the consolidated statement of comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

OTHER POST EMPLOYMENT OBLIGATIONS

Some Group companies provide other post employment benefits. The expected costs of these benefits are accrued over the period of employment using a similar basis to that used for defined benefit pension schemes. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

HOLIDAY PAY

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the consolidated income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not taken.

U GOVERNMENT GRANTS

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction against the related expenses in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred.

1 SEGMENTAL ANALYSIS

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, Europe and our Rest of World markets.

UNDERLYING REVENUE[1, 2, 3]	Geographical segments North America £m	Europe £m	Rest of World £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021				
Business & Industry	**2,759**	**2,100**	**746**	**5,605**
Education	**2,449**	**680**	**137**	**3,266**
Healthcare & Senior Living	**4,582**	**930**	**389**	**5,901**
Sports & Leisure	**1,169**	**330**	**46**	**1,545**
Defence, Offshore & Remote	**211**	**601**	**1,007**	**1,819**
Underlying revenue[1, 4]	**11,170**	**4,641**	**2,325**	**18,136**
Less: Share of revenue of joint ventures	**(21)**	**(207)**	**–**	**(228)**
Revenue	**11,149**	**4,434**	**2,325**	**17,908**
YEAR ENDED 30 SEPTEMBER 2020				
Business & Industry	3,901	2,559	921	7,381
Education	2,819	609	116	3,544
Healthcare & Senior Living	4,536	922	394	5,852
Sports & Leisure	1,272	393	69	1,734
Defence, Offshore & Remote	218	565	904	1,687
Underlying revenue[1, 4]	12,746	5,048	2,404	20,198
Less: Share of revenue of joint ventures	(18)	(240)	–	(258)
Revenue	12,728	4,808	2,404	19,940

1. Revenue plus share of revenue of joint ventures.
2. There is no inter-segment trading.
3. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows is considered to be similar.
4. Underlying revenue from external customers arising in the UK, the Group's country of domicile, was £1,446 million (2020: £1,520 million). Underlying revenue from external customers arising in the US region was £10,582 million (2020: £12,005 million). Underlying revenue from external customers arising in all countries outside the UK from which the Group derives revenue was £16,690 million (2020: £18,678 million).

UNDERLYING OPERATING PROFIT[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021					
Underlying operating profit/(loss) before results of joint ventures and associates	**605**	**117**	**130**	**(73)**	**779**
Add: Share of profit before tax of joint ventures	**3**	**30**	**–**	**–**	**33**
Regional underlying operating profit/(loss)	**608**	**147**	**130**	**(73)**	**812**
Add: Share of results of associates	**(1)**	**–**	**–**	**–**	**(1)**
Underlying operating profit/(loss)	**607**	**147**	**130**	**(73)**	**811**
Less: Acquisition related costs	**(47)**	**(57)**	**(2)**	**–**	**(106)**
Less: One-off pension charge	**–**	**(2)**	**–**	**–**	**(2)**
Less: Cost action programme and COVID-19 resizing costs	**–**	**(149)**	**(8)**	**–**	**(157)**
Less: Tax on share of profit of joint ventures	**–**	**(1)**	**–**	**–**	**(1)**
Operating profit/(loss)	**560**	**(62)**	**120**	**(73)**	**545**
Net gain on sale and closure of businesses					**10**
Net finance costs					**(91)**
Profit before tax					**464**
Income tax expense					**(107)**
Profit for the year					**357**

1. Operating profit excluding specific adjusting items (acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs and tax on share of profit of joint ventures) (see note 32). Regional underlying operating profit excludes share of results of associates.

1 SEGMENTAL ANALYSIS CONTINUED

UNDERLYING OPERATING PROFIT[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2020					
Underlying operating profit/(loss) before results of joint ventures and associates	605	(57)	94	(85)	557
Add: Share of profit before tax of joint ventures	1	28	–	–	29
Regional underlying operating profit/(loss)	606	(29)	94	(85)	586
Add: Share of results of associates	(28)	5	(2)	–	(25)
Underlying operating profit/(loss)	578	(24)	92	(85)	561
Less: Acquisition related costs	(42)	(19)	(2)	(7)	(70)
Less: Cost action programme and COVID-19 resizing costs	(48)	(122)	(24)	(3)	(197)
Operating profit/(loss)	488	(165)	66	(95)	294
Net gain on sale and closure of businesses					59
Net finance costs					(143)
Profit before tax					210
Income tax expense					(75)
Profit for the year					135

1. Operating profit excluding specific adjusting items (acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs and tax on share of profit of joint ventures) (see note 32). Regional underlying operating profit excludes share of results of associates.

ORGANIC REVENUE[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021					
Underlying revenue	**11,170**	**4,641**	**2,325**	–	**18,136**
Organic adjustments	**(89)**	–	**(2)**	–	**(91)**
Organic revenue[1]	**11,081**	**4,641**	**2,323**	–	**18,045**
YEAR ENDED 30 SEPTEMBER 2020					
Underlying revenue	12,746	5,048	2,404	–	20,198
Currency adjustments	(746)	(96)	(122)	–	(964)
Underlying revenue – constant currency	12,000	4,952	2,282	–	19,234
Organic adjustments	(128)	180	(27)	–	25
Organic revenue[1]	11,872	5,132	2,255	–	19,259
Decrease in underlying revenue at reported rates – %	(12.4)%	(8.1)%	(3.3)%		(10.2)%
(Decrease)/increase in underlying revenue at constant currency – %	(6.9)%	(6.3)%	1.9%		(5.7)%
(Decrease)/increase in organic revenue – %	(6.7)%	(9.6)%	3.0%		(6.3)%

1. Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.

1 SEGMENTAL ANALYSIS CONTINUED

ORGANIC OPERATING PROFIT[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021					
Underlying operating profit/(loss)	**607**	**147**	**130**	**(73)**	**811**
Less: Share of results of associates	**1**	–	–	–	**1**
Regional underlying operating profit/(loss)	**608**	**147**	**130**	**(73)**	**812**
Underlying operating margin – %	**5.4%**	**3.2%**	**5.6%**		**4.5%**
Organic adjustments	**(3)**	–	–	–	**(3)**
Regional organic operating profit/(loss)	**605**	**147**	**130**	**(73)**	**809**
Add: Share of results of associates	**(1)**	–	–	–	**(1)**
Organic operating profit/(loss)[1]	**604**	**147**	**130**	**(73)**	**808**
YEAR ENDED 30 SEPTEMBER 2020					
Underlying operating profit/(loss)	578	(24)	92	(85)	561
Currency adjustments (including associates)	(31)	(6)	(2)	–	(39)
Underlying operating profit/(loss) – constant currency	547	(30)	90	(85)	522
Underlying operating profit/(loss)	578	(24)	92	(85)	561
Less: Share of results of associates	28	(5)	2	–	25
Regional underlying operating profit/(loss)	606	(29)	94	(85)	586
Underlying operating margin – %	4.8%	(0.6)%	3.9%		2.9%
Currency adjustments (excluding associates)	(33)	(6)	(2)	–	(41)
Regional underlying operating profit/(loss) – constant currency	573	(35)	92	(85)	545
Organic adjustments	(5)	25	(2)	–	18
Regional organic operating profit/(loss)	568	(10)	90	(85)	563
Add: Share of results of associates – constant currency	(26)	5	(2)	–	(23)
Organic operating profit/(loss)[1]	542	(5)	88	(85)	540
Increase in underlying operating profit at reported rates – %					44.6%
Increase in underlying operating profit at constant currency – %					55.4%
Increase in organic operating profit – %					49.6%
Increase in regional underlying operating profit at reported rates – %	0.3%	606.9%	38.3%		
Increase in regional underlying operating profit at constant currency – %	6.1%	520.0%	41.3%		
Increase in regional organic operating profit – %	6.5%	1,570.0%	44.4%		

1. Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.

1 SEGMENTAL ANALYSIS CONTINUED

	Geographical segments			Unallocated			
	North America £m	Europe £m	Rest of World £m	Central activities £m	Current and deferred tax £m	Net debt £m	Total £m
AT 30 SEPTEMBER 2021							
Total assets	**6,885**	**4,285**	**979**	**467**	**294**	**1,958**	**14,868**
Total liabilities	**(2,913)**	**(1,444)**	**(589)**	**(254)**	**(253)**	**(4,496)**	**(9,949)**
Net assets/(liabilities)	**3,972**	**2,841**	**390**	**213**	**41**	**(2,538)**	**4,919**
Total assets include:							
Interests in associates and joint ventures	**44**	**180**	**32**	**–**	**–**	**–**	**256**
Non-current assets[1]	**5,258**	**3,362**	**510**	**458**	**212**	**116**	**9,916**
AT 30 SEPTEMBER 2020							
Total assets	6,775	4,416	1,012	548	257	1,726	14,734
Total liabilities	(2,535)	(1,441)	(599)	(266)	(348)	(4,732)	(9,921)
Net assets/(liabilities)	4,240	2,975	413	282	(91)	(3,006)	4,813
Total assets include:							
Interests in associates and joint ventures	124	167	54	–	–	–	345
Non-current assets[1]	5,482	3,520	586	521	146	237	10,492

1. Non-current assets located in the UK, the Group's country of domicile, were £1,923 million (2020: £1,951 million). Non-current assets located in the US region were £4,872 million (2020: £5,103 million). Non-current assets located in all foreign countries in which the Group holds assets were £7,993 million (2020: £8,541 million).

1 SEGMENTAL ANALYSIS CONTINUED

	Notes	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021						
Additions to other intangible assets	9	**90**	**27**	**4**	**33**	**154**
Additions to contract fulfilment assets	10	**226**	**3**	**2**	**–**	**231**
Additions to right of use assets	11	**48**	**48**	**12**	**–**	**108**
Additions to property, plant and equipment	12	**129**	**70**	**26**	**–**	**225**
Amortisation of other intangible assets[1]	9	**100**	**45**	**11**	**3**	**159**
Amortisation of contract fulfilment assets	10	**192**	**4**	**4**	**–**	**200**
Depreciation of right of use assets	11	**65**	**77**	**13**	**1**	**156**
Depreciation of property, plant and equipment	12	**129**	**80**	**39**	**2**	**250**
Impairment losses[2]	2	**25**	**12**	**2**	**–**	**39**
Assets held for sale	25	**–**	**–**	**17**	**–**	**17**
Total other non-cash expenses[3]		**9**	**4**	**2**	**5**	**20**
YEAR ENDED 30 SEPTEMBER 2020						
Additions to other intangible assets	9	114	32	12	16	174
Additions to contract fulfilment assets	10	253	3	16	–	272
Additions to right of use assets	11	122	33	8	–	163
Additions to property, plant and equipment	12	170	82	32	1	285
Amortisation of other intangible assets[1]	9	116	44	10	2	172
Amortisation of contract fulfilment assets	10	189	5	1	–	195
Depreciation of right of use assets	11	71	80	12	1	164
Depreciation of property, plant and equipment	12	151	94	41	1	287
Impairment losses[2]	2	53	41	–	–	94
Assets held for sale	25	–	–	13	–	13
Liabilities held for sale	25	–	–	(7)	–	(7)
Total other non-cash income[3]		(2)	–	–	–	(2)

1. Including the amortisation of intangibles arising on acquisition.
2. Cost action programme charge includes impairment losses of £nil (2020: £2 million).
3. Other non-cash income/expenses represent share-based payments.

2 OPERATING COSTS

OPERATING COSTS	Notes	2021 £m	2020 £m
Cost of food and materials:			
Cost of inventories consumed		**4,490**	5,388
Labour costs:			
Employee remuneration[1]	3	**9,328**	9,979
Overheads:			
Commissions and fees paid to clients		**359**	461
Amortisation – intangible assets	9	**79**	93
Amortisation – contract fulfilment assets	10	**200**	195
Depreciation – right of use assets	11	**156**	164
Depreciation – property, plant and equipment	12	**250**	287
Impairment losses – contract related non-current assets[2]		**32**	88
Impairment losses – other		**2**	4
Impairment reversals – contract related non-current assets		**(4)**	–
COVID-19 resizing costs		**157**	122
Cost action programme charge[2]		**–**	75
Net impairment (gains)/losses on trade receivables[3]	15	**(28)**	94
Net impairment losses on other receivables[3]	15	**7**	7
Expense relating to short term leases, low value assets and variable lease payments	11	**87**	105
Audit and non-audit services (see below)		**7**	6
Other expenses[1,3]		**2,166**	2,512
Operating costs before costs relating to acquisitions		**17,288**	19,580
Amortisation – intangible assets arising on acquisition	9	**80**	79
Impairment losses – intangible assets arising on acquisition	9	**5**	–
Acquisition transaction costs	25	**10**	16
Adjustment to contingent consideration on acquisition		**11**	(25)
Total		**17,394**	19,650

1. 2020 re-presented to include administration expenses of defined benefit plans in employee remuneration (see note 3).
2. Cost action programme charge includes impairment losses of £nil (2020: £2 million).
3. 2020 re-presented to include credits in respect of the impairment of trade and other receivables.

IMPAIRMENT LOSSES

The Group has tested for impairment its contract related non-current assets (intangible assets, costs to obtain and fulfil contracts, right of use assets, and property, plant and equipment) where there were indicators of impairment during the year. Impairment indicators were considered to be present where client contracts had low profitability or were loss-making due to a reduction in volumes. The continued spread of COVID-19 and reintroduction of lockdowns in some of our major markets impacted the profitability of certain contracts during the year, although the Group's overall performance has remained resilient as a result of the mitigating actions undertaken by management. The impairment tests compare the recoverable value of the Group's contract related non-current assets with their carrying value and, as a result, the Group has recognised impairment losses of £32 million (2020: £88 million).

Management has considered the potential impact of reasonable changes in the assumptions used in its impairment tests, including the continuing impact of COVID-19 and a slower recovery than forecast. The Group has a large portfolio of client contracts of individually low value spread across a number of countries and sectors. As a result, a reasonable change in assumptions would not lead to a material change in the carrying value of the Group's contract related non-current assets in the next 12 months.

2 OPERATING COSTS CONTINUED

COVID-19 RESIZING COSTS

When the pandemic hit in the prior year, the Group started to adjust its business model to the new trading environment and incurred £122 million of resizing costs in the year ended 30 September 2020. The Group has continued to take cost actions and a further charge for costs of £157 million has been recognised during the current year. Actions taken to date continue to deliver the savings initially anticipated. These costs are excluded from the Group's underlying results (see note 32). A total of £141 million (2020: £42 million) has been paid during the year in relation to this programme. Provisions under this programme are described further in note 21.

COST ACTION PROGRAMME

The cost action programme announced in November 2019 included a series of actions to manage the Group's cost base. In the prior year, the Group recognised a charge of £75 million mainly related to redundancy costs. These costs were excluded from the Group's underlying results. No charges were recognised in respect of the programme during the current year. A total of £45 million (2020: £66 million) has been paid during the year in relation to this programme. Provisions under this programme are described further in note 21.

GOVERNMENT GRANTS AND OTHER COVID-19 ASSISTANCE

The Group has continued to utilise government support to mitigate the impact of the COVID-19 pandemic where appropriate. During the year ended 30 September 2021, the Group benefited from the following:

- temporary wage and other support schemes. Employee remuneration includes a credit of £239 million (2020: £437 million) in respect of wage support schemes. Operating costs also include a credit of £15 million (2020: £1 million) in respect of other support schemes. There are no unfulfilled obligations remaining in relation to these amounts
- PAYE and National Insurance payment plans. Approximately £16 million (2020: £137 million) of PAYE/NI payments have been deferred following the agreement of payment plans across the Group

In the prior year, the Group also benefited from VAT deferral schemes, with approximately £97 million of VAT payments deferred under various government schemes.

In the second half of the year, the Group repaid the funds our employees benefited from through the UK Government's Coronavirus Job Retention Scheme during the first half.

AUDIT AND NON-AUDIT SERVICES	2021 £m	2020 £m
AUDIT SERVICES		
Fees payable for the audit of the Company and consolidated financial statements	**1.4**	1.2
Fees payable for the audit of the Company's subsidiaries and joint ventures	**4.9**	4.8
Total	**6.3**	6.0
NON-AUDIT SERVICES		
Audit related assurance	**0.3**	0.3
Total	**0.3**	0.3
AUDIT AND NON-AUDIT SERVICES		
Total	**6.6**	6.3

3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2021	2020
North America	**229,740**	270,168
Europe	**150,331**	174,085
Rest of World	**97,999**	103,890
Total	**478,070**	548,143

AGGREGATE REMUNERATION OF ALL EMPLOYEES INCLUDING DIRECTORS	Notes	2021 £m	2020 £m
Wages and salaries		**7,769**	8,233
Social security costs		**1,391**	1,605
Share-based payments	24	**20**	(2)
Pension costs – defined contribution plans	22	**124**	118
Pension costs – defined benefit plans[1]	22	**24**	25
Total		**9,328**	9,979

1. 2020 re-presented to include £4 million of administration expenses. The current year includes £3 million in respect of administration expenses.

In addition to the pension cost shown in operating costs above, there is a pensions related net credit to financial income of £2 million (2020: £2 million).

The remuneration of directors and key management personnel[1] is set out below. Additional information on directors' and key management remuneration, long term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 144 to 177 and forms part of these accounts.

REMUNERATION OF KEY PERSONNEL[1]	2021 £m	2020 £m
Salaries	**7.4**	6.2
Other short term employee remuneration	**8.5**	0.9
Share-based payments	**3.8**	(1.0)
Pension salary supplement	**1.2**	1.2
Termination payments[2]	**0.2**	–
Total	**21.1**	7.3

1. Key management personnel is defined as the Board and the individuals who made up the Executive Committee from time to time during the year, more details of which can be found on pages 55 to 57 and 88 to 91.
2. Termination payments include compensation for loss of office and statutory redundancy and exclude contractual pay in lieu of notice.

4 NET FINANCE COSTS

Financial income and expenses are recognised in the consolidated income statement in the year in which they are earned or incurred.

FINANCIAL INCOME AND EXPENSE	Notes	2021 £m	2020 £m
FINANCIAL INCOME			
Bank interest		**4**	5
Interest on net post employment benefit obligations	22	**2**	2
Other		**1**	3
Total		**7**	10
FINANCIAL EXPENSE			
Interest on bank loans and overdrafts		**4**	4
Interest on other loans		**78**	101
Interest on lease liabilities	11	**35**	36
Interest on bank loans, overdrafts, other loans and lease liabilities		**117**	141
Unwinding of discount on provisions	21	**3**	3
Total		**120**	144
ANALYSIS OF FINANCIAL EXPENSE BY DEFINED IFRS 9 ‘FINANCIAL INSTRUMENTS’ CATEGORY			
Fair value through profit or loss (unhedged derivatives)		**7**	6
Derivatives in a fair value hedge relationship		**(34)**	(19)
Other financial liabilities		**144**	154
Interest on bank loans, overdrafts, other loans and lease liabilities		**117**	141
Fair value through profit or loss (unwinding of discount on provisions)	21	**3**	3
Total		**120**	144

The Group uses derivative financial instruments, such as forward currency contracts, cross currency swaps and interest rate swaps, to hedge the risks associated with changes in foreign currency exchange rates and interest rates. As explained in section Q of the Group accounting policies, such derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the consolidated income statement in the period.

FAIR VALUE MEASUREMENT

All derivative financial instruments are shown at fair value in the balance sheet. All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy of IFRS 13 ‘Fair Value Measurement’. The fair values of derivative financial instruments represent the maximum credit exposure.

OTHER FINANCING ITEMS (GAIN)/LOSS	2021 £m	2020 £m
HEDGE ACCOUNTING		
Net (gains)/losses on unhedged derivative financial instruments[1]	**(11)**	5
Net losses on derivative financial instruments in a designated fair value hedge[2]	**88**	9
Net gains on the hedged item in a designated fair value hedge	**(99)**	–
Hedging	**(22)**	14
Losses/(gains) from changes in the fair value of investments[1,3]	**1**	(5)
Other	**(1)**	–
Total	**(22)**	9

1. Categorised as ‘fair value through profit or loss’ (IFRS 9).
2. Categorised as derivatives that are designated and effective as hedging instruments carried at fair value (IFRS 9).
3. Life insurance policies used by overseas companies to meet the cost of unfunded post employment benefit obligations included in note 22.

5 TAX

RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT: INCOME TAX EXPENSE	2021 £m	2020 £m
CURRENT TAX		
Current year	**226**	232
Adjustment in respect of prior years	**(7)**	(38)
Current tax expense	**219**	194
DEFERRED TAX		
Current year	**(84)**	(124)
Impact of changes in statutory tax rates	**(16)**	(3)
Adjustment in respect of prior years	**(12)**	8
Deferred tax credit	**(112)**	(119)
TOTAL INCOME TAX		
Income tax expense	**107**	75

The income tax expense for the year is based on the effective United Kingdom statutory rate of corporation tax for the period of 19% (2020: 19%). The impact of changes in statutory rates relates principally to the increase in the UK corporation tax rate from 19% to 25% enacted in the Finance Act 2021 for profits arising after 1 April 2023. This change has resulted in the recognition of a deferred tax credit of £16 million in the income statement and a deferred tax charge of £20 million in the consolidated statement of comprehensive income, both of which arise from the remeasurement of deferred tax balances to reflect the anticipated rate of tax at which those balances are expected to reverse. Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The increasingly complex international corporate tax environment and an increase in audit activity from tax authorities means that the potential for tax uncertainties has increased. In September 2021, Compass Group Canada Limited and Canteen of Canada Limited received assessments to additional federal and provincial taxes from the Canadian Revenue Agency for the year ended 30 September 2015 totalling £64 million (£48 million of tax and £16 million of interest). This assessment relates to an intra-group financing arrangement implemented in July 2015. The possibility of further assessments cannot be ruled out and, in light of this, we have taken further external advice and have reassessed the provision we hold in respect of this issue. A range of possible outcomes has been considered and we do not expect this issue to have a material impact on the Group's financial position. The Group is currently subject to a number of other reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues. None of these audits is currently expected to have a material impact on the Group's financial position.

The income tax effects of the adjustments between statutory and underlying results are shown in note 32 to the consolidated financial statements. There is no difference between the statutory and underlying net cash tax paid of £200 million (2020: statutory and underlying £228 million).

RECONCILIATION OF EFFECTIVE TAX RATE	2021 £m	2020 £m
Profit before tax	**464**	210
Notional income tax expense at the effective UK statutory rate of 19.0% (2020: 19.0%) on profit before tax	**88**	40
Effect of different tax rates of subsidiaries operating in other jurisdictions	**43**	35
Impact of changes in statutory tax rates	**(16)**	(3)
Permanent differences	**12**	22
Impact of share-based payments	**(2)**	3
Tax on profit of associates and joint ventures	**(1)**	(1)
Losses and other temporary differences not previously recognised	**–**	2
Unrelieved current year tax losses	**2**	7
Prior year items	**(19)**	(30)
Income tax expense	**107**	75

Permanent differences includes the current year movement in our estimated liability for uncertain tax positions, the benefit of tax credits and incentives and internal financing that is in place to ensure the Group's overseas businesses are appropriately capitalised. Prior year items relate to the reassessment of prior year tax estimates and the resolution of open items.

5 TAX CONTINUED

The global nature of the Group's operations give rise to several factors which could affect the future tax rate. These include the mix of profits, changes to statutory tax rates or tax legislation and the foreign exchange rates applicable when those profits are translated into sterling. In addition, the future tax charge may be affected by the impact of acquisitions, disposals or other restructurings and the resolution of open issues with tax authorities.

Tax uncertainties and associated risks are increasing for all multinational groups as a consequence of changes to local and international tax rules. Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross border transactions. The Group has recognised potential liabilities in respect of uncertain tax positions as described in section B of the Group accounting policies, none of which is individually material. In determining such liabilities, having regard to the specific circumstances of each tax position and external advice where appropriate, the Group assesses the range of potential outcomes and estimates whether additional tax may be due. The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2021 (see note 28).

TAX CHARGED TO OTHER COMPREHENSIVE INCOME	**2021 £m**	2020 £m
Current and deferred tax charge on actuarial and other movements on post employment benefits	**5**	4
Current and deferred tax (credit)/charge on foreign exchange movements	**(1)**	2
Total	**4**	6

TAX CHARGED TO EQUITY	**2021 £m**	2020 £m
Current and deferred tax charge in respect of share-based payments	**–**	2
Total	**–**	2

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)	Tax depreciation £m	Intangibles and contract fulfilment assets £m	Net pensions and post employment benefits £m	Tax losses £m	Net self-funded insurance provisions £m	Net short term temporary differences £m	Total £m
At 1 October 2019	(86)	(332)	96	16	67	201	(38)
Credit/(charge) to income	6	(26)	10	44	12	73	119
Charge to equity/other comprehensive income	–	–	(4)	–	–	(4)	(8)
Business acquisitions	–	(54)	–	–	–	–	(54)
Other movements	–	(2)	–	–	–	6	4
Exchange adjustment	5	18	(8)	1	(3)	(10)	3
At 30 September 2020	(75)	(396)	94	61	76	266	26
Credit/(charge) to income	**48**	**(1)**	**14**	**32**	**(1)**	**20**	**112**
(Charge)/credit to equity/other comprehensive income	**–**	**–**	**(5)**	**–**	**–**	**1**	**(4)**
Sale and closure of businesses	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Exchange adjustment	**6**	**15**	**(7)**	**(3)**	**(3)**	**(13)**	**(5)**
At 30 September 2021	**(21)**	**(382)**	**96**	**90**	**72**	**273**	**128**

The impact of the increase in the UK corporation tax rate from 19% to 25% has resulted in the recognition of a deferred tax credit of £16 million in the consolidated income statement that primarily relates to tax depreciation and a deferred tax charge of £20 million in the consolidated statement of comprehensive income that relates to net pensions and post employment benefits. Net short term temporary differences relate principally to accruals and other liabilities and provisions of overseas subsidiaries. After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

NET DEFERRED TAX BALANCE	**2021 £m**	2020 £m
Deferred tax assets	**212**	146
Deferred tax liabilities	**(84)**	(120)
Net deferred tax asset	**128**	26

5 TAX CONTINUED

Deferred tax assets of £212 million (2020: £146 million) include £90 million (2020: £61 million) relating to the carry forward of unused tax losses. These arose predominantly in subsidiaries that incurred losses during the COVID-19 period, including charges incurred for restructuring costs. The directors consider it probable that sufficient taxable profit will be available against which the unused tax losses can be utilised. Management expects these deferred tax assets to be utilised over a period of between 1 and 5 years. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, management derived their forecasts from the approved three year budget and forecasts used for the purposes of reviewing goodwill for impairment, updated for the effect of applicable tax laws and regulations relevant to those future taxable profits. No reasonably possible change in any of the key assumptions would result in a significant reduction in projected taxable profits such that the recognised deferred tax asset would not be realised.

Deferred tax assets have not been recognised in respect of tax losses of £267 million (2020: £263 million) and other temporary differences of £21 million (2020: £28 million). Of the unrecognised tax losses, £236 million (2020: £236 million) will expire at various dates between 2022 and 2031. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The Group does not recognise any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries totalling £567 million (2020: £501 million) because it is able to control the timing of reversal of these differences. It is probable that no reversal will take place in the foreseeable future.

6 EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year attributable to equity shareholders and the weighted average number of shares in issue during the year. Underlying earnings per share has been calculated based on earnings excluding the effect of acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments, together with the tax attributable to these amounts (see note 32).

EARNINGS PER SHARE	**2021** Attributable profit £m	**2021** Basic earnings per share pence	**2021** Diluted earnings per share pence	2020 Attributable profit £m	2020 Basic earnings per share pence	2020 Diluted earnings per share pence
Profit for the year attributable to equity shareholders	**357**	**20.0**	**20.0**	133	8.0	8.0
Specific adjusting items (net of tax):						
Acquisition related costs	**85**	**4.7**	**4.7**	50	3.0	3.0
One-off pension charge	**2**	**0.1**	**0.1**	–	–	–
Cost action programme and COVID-19 resizing costs	**116**	**6.5**	**6.5**	147	8.9	8.9
Net gain on sale and closure of businesses	**(15)**	**(0.8)**	**(0.8)**	(28)	(1.7)	(1.7)
Other financing items	**(18)**	**(1.0)**	**(1.0)**	7	0.4	0.4
Underlying profit for the year	**527**	**29.5**	**29.5**	309	18.6	18.6

AVERAGE NUMBER OF SHARES	**2021 Ordinary shares of 11¹⁄₂₀p each millions**	2020 Ordinary shares of 11¹⁄₂₀p each millions
Average number of shares for basic earnings per share	**1,784**	1,658
Dilutive share options	**1**	1
Average number of shares for diluted earnings per share	**1,785**	1,659

7 DIVIDENDS

A final dividend in respect of 2021 of 14.0 pence per share, £250 million in aggregate[1], has been proposed (2020: nil). The Board decided not to pay an interim dividend (2020: nil).

DIVIDENDS ON ORDINARY SHARES	2021 Dividends per share pence	2021 £m	2020 Dividends per share pence	2020 £m
Amounts recognised as distributions to equity shareholders during the year:				
Final 2019	–	–	26.9	427
Total	–	–	26.9	427

1. Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2021 (1,784 million shares).

8 GOODWILL

GOODWILL	2021 £m	2020 £m
COST		
At 1 October	**5,189**	5,092
Additions	**17**	249
Reclassification to assets held for sale	–	(23)
Disposals	**(1)**	–
Currency adjustment	**(147)**	(129)
At 30 September	**5,058**	5,189
IMPAIRMENT		
At 1 October	**520**	516
Currency adjustment	**(12)**	4
At 30 September	**508**	520
NET CARRYING AMOUNT		
At 30 September	**4,550**	4,669

GOODWILL BY BUSINESS SEGMENT	2021 £m	2020 £m
US	**1,996**	2,071
Canada	**193**	184
Total North America	**2,189**	2,255
UK	**1,456**	1,456
Finland	**123**	125
Rest of Europe	**510**	543
Total Europe	**2,089**	2,124
Japan	**115**	127
Rest of Rest of World	**157**	163
Total Rest of World	**272**	290
Total	**4,550**	4,669

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Consistent with the monitoring and management of the business, the cash-generating units (CGU) relate to the total business for each country in which the Group operates. The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are externally derived long term growth rates, pre-tax discount rates and operating cash flow forecasts (revenue and operating margins) derived from the most recent financial budgets and forecasts approved by management covering a period of up to five years. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like for like growth, and taking into consideration external economic factors, including the impact of COVID-19. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long term average growth rate for that country. The pre-tax discount rates are based on the Group's weighted average cost of capital adjusted for specific risks relating to the country in which the CGU operates.

8 GOODWILL CONTINUED

GROWTH AND DISCOUNT RATES	2021 Residual growth rates	2021 Pre-tax discount rates	2020 Residual growth rates	2020 Pre-tax discount rates
US	**2.0%**	**10.3%**	1.9%	8.3%
Canada	**2.0%**	**11.1%**	1.8%	8.8%
UK	**1.7%**	**10.2%**	1.7%	7.3%
Finland	**1.6%**	**9.5%**	1.6%	7.9%
Rest of Europe[1]	**0.9%–9.4%**	**9.3%–24.1%**	0.7%–10.6%	7.5%–25.8%
Japan	**1.0%**	**10.9%**	0.8%	9.8%
Rest of World	**1.3%–4.5%**	**9.1%–17.0%**	1.1%–4.1%	7.3%–16.7%

1. Rest of Europe includes Turkey which has residual growth rate and pre-tax discount rate assumptions of 9.4% (2020: 10.6%) and 24.1% (2020: 25.8%), respectively. Excluding Turkey, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 0.9% to 4.0% (2020: 0.7% to 3.8%) and 9.3% to 14.0% (2020: 7.5% to 11.8%), respectively.

Although the impact of COVID-19 is not expected to significantly impact the long term prospects of the Group's CGUs, the size of the short term shock of the pandemic combined with higher discount rates have reduced the level of headroom in certain CGUs in comparison with the prior year. The Group has performed a sensitivity analysis based on changes in key assumptions considered to be reasonably possible by management leaving all other assumptions unchanged. The UK CGU is sensitive to reasonably possible changes in key assumptions. The UK goodwill principally relates to the Granada transaction in 2001. The estimated recoverable amount of the Group's operations in the UK exceeds its carrying value by £102 million (2020: £285 million). The reduction in headroom on prior year mainly reflects an increase in the pre-tax discount rate and, from 1 April 2023, the increase in the UK tax rate. The associated impact of changes in key assumptions on the impairment assessment is presented in the table below. The sensitivity analysis presented is prepared on the basis that a change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

DECREASE IN RECOVERABLE AMOUNT LESS CARRYING VALUE	UK 2021 £m	UK 2020 £m
Increase in pre-tax discount rate by 0.1%	**(24)**	(51)
Decrease in projected operating profit by 3%	**(59)**	(77)
Decrease in the long term growth rate by 0.1%	**(18)**	(44)

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 0.5% (2020: 0.6%), operating profit decreased by 5% (2020: 11%) or the long term growth rate decreased to 1.1% (2020: 1%). The directors consider that changes in key assumptions of this magnitude are reasonably possible in the current environment.

Other than as disclosed above, the directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use of the net operating assets of the individually significant CGUs disclosed above to fall below their carrying values.

9 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS	Computer software £m	Arising on acquisition[1] £m	Other[2] £m	Total £m
COST				
At 1 October 2019	403	1,226	553	2,182
Additions	75	–	99	174
Disposals	(17)	–	(15)	(32)
Business acquisitions	–	302	2	304
Sale and closure of businesses	–	–	(1)	(1)
Reclassification	2	(1)	5	6
Reclassification from assets held for sale	–	7	8	15
Currency adjustment	(12)	(40)	(22)	(74)
At 30 September 2020	451	1,494	629	2,574
Additions	**82**	–	**72**	**154**
Disposals	**(39)**	**(8)**	**(35)**	**(82)**
Business acquisitions	–	**15**	–	**15**
Reclassification	**5**	**2**	**28**	**35**
Currency adjustment	**(12)**	**(56)**	**(28)**	**(96)**
At 30 September 2021	**487**	**1,447**	**666**	**2,600**
AMORTISATION				
At 1 October	244	273	239	756
Charge for the year	35	79	58	172
Impairment[3]	10	–	2	12
Disposals	(8)	–	(10)	(18)
Sale and closure of businesses	–	–	(1)	(1)
Reclassification	–	–	(2)	(2)
Reclassification from assets held for sale	–	3	5	8
Currency adjustment	(5)	(17)	(9)	(31)
At 30 September 2020	276	338	282	896
Charge for the year	**36**	**80**	**43**	**159**
Impairment[3]	–	**5**	**8**	**13**
Disposals	**(20)**	**(8)**	**(33)**	**(61)**
Reclassification	**3**	**1**	**5**	**9**
Currency adjustment	**(8)**	**(12)**	**(13)**	**(33)**
At 30 September 2021	**287**	**404**	**292**	**983**
NET BOOK VALUE				
At 30 September 2020	175	1,156	347	1,678
At 30 September 2021	**200**	**1,043**	**374**	**1,617**

1. Intangible assets arising on acquisition mainly relate to client contracts and brands.
2. Other intangible assets mainly relate to payments made to clients to obtain the right to generate significant consumer revenue.
3. Additional information on impairments is included in note 2.

The net book value of intangible assets arising on acquisition includes £254 million (2020: £281million) in respect of the acquisition of Fazer Food Services in January 2020 relating to client contracts and brands with remaining useful lives of between 16 and 28 years.

10 CONTRACT BALANCES

The following table provides information about contract costs, contract assets and liabilities from contracts with customers and other contract related balances.

CONTRACT BALANCES	Notes	2021 £m	2020 £m
CONTRACT COSTS			
Contract fulfilment assets		**866**	919
Costs to obtain contracts		**57**	53
Costs to obtain and fulfil contracts		**923**	972
CONTRACT ASSETS			
Accrued income	15	**261**	238
CONTRACT LIABILITIES			
Deferred income	20	**(370)**	(334)
OTHER CONTRACT BALANCES			
Contract prepayments	15	**97**	93
Trade receivables	15	**1,937**	1,610
Net contract balances		**2,848**	2,579

The Group's deferred and accrued income balances solely relate to revenue from contracts with customers. The timing of revenue recognition may differ from the timing of invoicing to customers. Accrued income typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied and is recognised as a contract asset. Deferred income generally arises as a result of upfront payments under client contracts, including prepaid customer cards, and is recognised as contract liabilities, which are released over the term of the contract as revenue is recognised. Generally, such contract liabilities are recognised as revenue within 12 months. Movements during the year were driven by transactions entered into by the Group within the normal course of business.

Contract fulfilment assets relate to contributions towards assets that the Group uses in the performance of its obligations in its contracts with clients.

CONTRACT FULFILMENT ASSETS	2021 £m	2020 £m
At 1 October	**919**	934
Additions	**231**	272
Derecognition	**(18)**	(24)
Amortisation charge for the year	**(200)**	(195)
Reclassification	**(19)**	(3)
Impairment	**(11)**	(23)
Currency adjustment	**(36)**	(42)
At 30 September	**866**	919

Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long term economic benefits. During the year ended 30 September 2021, purchase of contract fulfilment assets in cash flows from investing activities is £231 million (2020: £272 million).

10 CONTRACT BALANCES CONTINUED

IMPAIRMENT

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. When such indicators exist, the Group determines the recoverability by comparing their carrying amount with the remaining consideration that the Group expects to receive less the costs associated with providing services under the relevant contract. Management is required to make an assessment of the costs that relate to providing services under the relevant contract.

If any indicators of impairment are identified, judgement is applied to ascertain whether or not the future economic benefits from these contracts are sufficient to recover these assets.

Impairment losses of £11 million were recognised on contract fulfilment assets during the year (2020: £23 million) reflecting reduced forecast revenue and profitability principally due to the continued spread of COVID-19 and reintroduction of lockdowns in some of the Group's markets during the year. Additional information on impairments is included in note 2.

11 LEASES

The Group's lease portfolio consists of office premises, concession rentals and other assets, such as catering equipment, vending machines and motor vehicles. Lease terms are negotiated on an individual basis and contain a broad range of terms and conditions.

Information regarding leases for which the Group is a lessee is presented below.

RIGHT OF USE ASSETS	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
At 1 October 2019	722	225	9	956
Additions	71	90	2	163
Amendments[1]	14	(3)	–	11
Depreciation charge for the year	(108)	(52)	(4)	(164)
Impairment	(16)	(7)	–	(23)
Business acquisitions	18	4	–	22
Reclassification	(1)	(3)	1	(3)
Reclassification to assets held for sale	(80)	–	–	(80)
Currency adjustment	(13)	(8)	(1)	(22)
At 30 September 2020	607	246	7	860
Additions	**72**	**35**	**1**	**108**
Amendments[1]	**–**	**(5)**	**–**	**(5)**
Depreciation charge for the year	**(100)**	**(53)**	**(3)**	**(156)**
Impairment	**(5)**	**–**	**–**	**(5)**
Business disposals	**(11)**	**(2)**	**(1)**	**(14)**
Reclassification	**(2)**	**(1)**	**(1)**	**(4)**
Currency adjustment	**(14)**	**(10)**	**(1)**	**(25)**
At 30 September 2021	**547**	**210**	**2**	**759**

1. Amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

Impairment losses of £5 million were recognised on right of use assets during the year (2020: £23 million) reflecting reduced forecast revenue and profitability principally due to the continued spread of COVID-19 and reintroduction of lockdowns in some of the Group's markets during the year. Additional information on impairments is included in note 2.

11 LEASES CONTINUED

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below.

LEASE LIABILITIES MATURITY ANALYSIS	2021 £m	2020[1] £m
Within 1 year	**186**	188
Between 1 and 2 years	**152**	167
Between 2 and 3 years	**122**	140
Between 3 and 4 years	**102**	115
Between 4 and 5 years	**90**	98
In more than 5 years	**398**	438
Total undiscounted lease liabilities	**1,050**	1,146
Impact of discounting	**(205)**	(204)
Lease liabilities	**845**	942
COMPRISED OF		
Current	**180**	197
Non-current	**665**	745
Lease liabilities	**845**	942

1. Re-presented to expand the number of ageing categories in the maturity analysis.

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT	2021 £m	2020 £m
Leases of low value assets, excluding short term leases of low value assets	**30**	27
Short term leases	**44**	67
COVID-19 rent concessions	**(4)**	(3)
Variable lease payments	**17**	14
Expense relating to short term leases, low value assets and variable lease payments	**87**	105
Depreciation expense of right of use assets	**156**	164
Impairment	**5**	23
Interest on lease liabilities	**35**	36
Total	**283**	328

The Group has renegotiated certain lease agreements with lessors as a consequence of COVID-19, resulting in reductions in lease payments and deferrals of rent. The Group has elected to apply the practical expedient in the amendments to IFRS 16 'Leases' to all rent concessions that satisfy its criteria, except for deferrals of lease payments with a corresponding increase to lease term which are treated as lease modifications. As a result, the Group has reduced its total lease liabilities by £4 million (2020: £3 million). The effect of this reduction has been recorded in the consolidated income statement.

The Group had total cash outflows for leases of £188 million (2020: £188 million), comprising £35 million (2020: £36 million) of interest and £153 million (2020: £152 million) of principal. The Group has various non-cancellable lease contracts that have not yet commenced as at 30 September 2021. The future lease payments for these non-cancellable lease contracts are £nil within one year (2020: £1 million), £5 million between one and five years (2020: £5 million) and £8 million thereafter (2020: £9 million).

Some lease agreements contain variable payments that are not linked to an index or rate, but are based on the performance of the underlying asset. The variable payments depend on sales and, consequently, on overall economic developments over the next few years. Variable payment terms are used to link rental payments to cash flows and reduce fixed costs.

The Group does not expect any significant changes in the overall ratio of the variable payments to the Group's entire lease portfolio.

Extension and termination options are included in a number of lease agreements and provide the Group with operational flexibility. These options are assessed at contract commencement as to whether they are reasonably certain to be exercised and are reassessed if a significant event or change in circumstances occurs which is in the control of the Group.

The Group does not have any material arrangements where it acts a lessor.

12 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST				
At 1 October 2019	420	1,620	827	2,867
Transfers to right of use assets	(3)	(1)	–	(4)
Additions	12	207	66	285
Disposals	(36)	(132)	(55)	(223)
Sale and closure of businesses	(2)	(4)	–	(6)
Business acquisitions	–	19	–	19
Reclassification	(2)	26	(24)	–
Reclassification from assets held for sale	13	60	2	75
Currency adjustment	(12)	(63)	(26)	(101)
At 30 September 2020	390	1,732	790	2,912
Additions	**11**	**155**	**59**	**225**
Disposals	**(25)**	**(163)**	**(77)**	**(265)**
Sale and closure of businesses	**(11)**	**(61)**	**(1)**	**(73)**
Business acquisitions	–	**2**	–	**2**
Reclassification	**11**	**10**	**(2)**	**19**
Reclassification from assets held for sale	–	**2**	–	**2**
Currency adjustment	**(15)**	**(68)**	**(23)**	**(106)**
At 30 September 2021	**361**	**1,609**	**746**	**2,716**
DEPRECIATION				
At 1 October 2019	214	1,051	550	1,815
Charge for the year	29	178	80	287
Impairment[1]	–	26	10	36
Disposals	(29)	(110)	(48)	(187)
Sale and closure of businesses	(1)	(2)	–	(3)
Reclassification	(1)	2	–	1
Reclassification from assets held for sale	5	43	2	50
Currency adjustment	(3)	(39)	(15)	(57)
At 30 September 2020	214	1,149	579	1,942
Charge for the year	**23**	**156**	**71**	**250**
Impairment[1]	**3**	**4**	**3**	**10**
Impairment reversal	–	**(1)**	**(3)**	**(4)**
Disposals	**(20)**	**(138)**	**(67)**	**(225)**
Sale and closure of businesses	**(4)**	**(39)**	**(1)**	**(44)**
Reclassification	**8**	**14**	**(3)**	**19**
Reclassification from assets held for sale	–	**2**	–	**2**
Currency adjustment	**(8)**	**(44)**	**(17)**	**(69)**
At 30 September 2021	**216**	**1,103**	**562**	**1,881**
NET BOOK VALUE				
At 30 September 2020	176	583	211	970
At 30 September 2021	**145**	**506**	**184**	**835**

1. Additional information on impairments is included in note 2.

13 INTERESTS IN ASSOCIATES AND JOINT VENTURES

Significant interests in associates are:

ASSOCIATES		2021 ownership[1]	2020 ownership[1]
Twickenham Experience Limited[2]	England & Wales	**16%**	16%
Oval Events Limited[3]	England & Wales	**37.5%**	37.5%
AEG Venue Management Holdings, LLC[4, 5]	US	**–**	38%
Thompson Hospitality Services, LLC[4]	US	**49%**	49%
Highway Royal Co., Limited	Japan	**50%**	50%

1. % ownership is of the ordinary share capital.
2. Financial statements applied using the equity method relate to the year ended 30 June, rolled forward to 30 September.
3. Financial statements applied using the equity method relate to the year ended 30 January, rolled forward to 30 September.
4. Financial statements applied using the equity method relate to the year ended 31 December, rolled forward to 30 September.
5. Transferred to other investments (see below).

AEG Venue Management Holdings, LLC

The reorganisation of our interest in AEG Facilities LLC in the prior year resulted in the Group's 49% shareholding being replaced with a 38% interest in AEG Venue Management Holdings, LLC which has a 50% shareholding in a facility management and venue services company, Wildlife Holdings, Inc. During the current year, the Group has determined that it is no longer able to exercise significant influence over Wildlife Holdings, Inc. and, therefore, its 19% effective interest of £69 million has been transferred to other investments as a financial asset held at fair value through other comprehensive income (see note 14).

Highway Royal Co., Limited

Following the disposal of 50% of its Japan Highways business in the prior year, the Group has a 50% shareholding in Highway Royal Co., Limited which it has agreed to sell over a three year period. During the year, the Group ceased to equity account for its Japanese Highways business and one third (£17 million at 30 September 2021) of its 50% (£50 million at 30 September 2021) shareholding is now classified as held for sale reflecting the proportion of the business that is highly probable to be sold in the next 12 months.

Significant interests in joint ventures are:

JOINT VENTURES		2021 ownership[1]	2020 ownership[1]
ADNH-Compass Middle East LLC	United Arab Emirates	**50%**	50%

1. % ownership is of the ordinary share capital.

None of these investments are held directly by the ultimate parent company. All joint ventures provide food and/or support services in their respective countries of incorporation and make their accounts up to 30 September. All holdings are in the ordinary shares of the respective joint venture company.

These investments are structured through separate vehicles and the Group has a residual interest in their respective net assets. Accordingly, the Group has classified its interests as joint ventures which are equity accounted.

13 INTERESTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

The tables below reconcile the summarised financial information to the carrying amount of the Group's interests in its associates and joint ventures.

INTERESTS IN ASSOCIATES AND JOINT VENTURES	Notes	2021 £m	2020 £m
NET BOOK VALUE			
At 1 October		**345**	306
Additions		**5**	15
Business acquisitions		**–**	1
Interest in associate retained on disposal of subsidiary[1]		**–**	54
Gain on associate reorganisation[2]		**–**	40
Impairment[3]		**–**	(8)
Share of results of joint ventures and associates		**31**	4
Transfer to other investments	14	**(69)**	–
Transfer to held for sale	25	**(17)**	–
Dividends received		**(28)**	(61)
Currency and other adjustments		**(11)**	(6)
At 30 September		**256**	345
COMPRISED OF			
Interests in associates		**176**	273
Interests in joint ventures		**80**	72
Total		**256**	345

1. This represented the remaining 50% share of the Group's Japanese Highways business which is now accounted for as an associate.
2. This represented the gain on a non cash transaction to restructure the Group's interest in AEG Facilities LLC, which resulted in the reduction of ownership from 49% to 38%.
3. Impairment loss of £8 million in the prior year as a result of changes in the long term outlook of a joint venture in the US region.

The Group's share of revenues and profits is analysed below:

ASSOCIATES AND JOINT VENTURES	2021 Associates £m	2021 Joint ventures £m	2021 Total £m	2020 Associates £m	2020 Joint ventures £m	2020 Total £m
SHARE OF REVENUES AND PROFITS						
Revenue	**65**	**228**	**293**	127	258	385
Expenses/tax[1]	**(66)**	**(196)**	**(262)**	(152)	(229)	(381)
(Loss)/profit after tax for the year	**(1)**	**32**	**31**	(25)	29	4
SHARE OF NET ASSETS						
Non-current assets	**182**	**46**	**228**	440	45	485
Current assets	**31**	**127**	**158**	79	126	205
Non-current liabilities	**(6)**	**(15)**	**(21)**	(168)	(16)	(184)
Current liabilities	**(31)**	**(78)**	**(109)**	(78)	(83)	(161)
Net assets	**176**	**80**	**256**	273	72	345
SHARE OF CONTINGENT LIABILITIES						
Contingent liabilities	**–**	**(32)**	**(32)**	–	(21)	(21)

1. Expenses include the relevant portion of income tax recorded by associates and joint ventures.

14 OTHER INVESTMENTS

OTHER INVESTMENTS	Notes	2021 £m	2020 £m
NET BOOK VALUE			
At 1 October		**75**	96
Additions		**20**	1
Transfer from interests in associates and joint ventures	13	**69**	–
Disposals		**(3)**	(16)
Changes in fair value		**5**	(4)
Currency and other adjustments		**–**	(2)
At 30 September		**166**	75
COMPRISED OF			
Trade investments[1, 4]		**76**	–
Other investments[2, 4]		**18**	16
Life insurance policies and mutual fund investments[3, 5, 6]		**72**	59
Total		**166**	75

1. Trade investments comprises the Group's 19% effective interest in Wildlife Holdings, Inc., which is Level 3 according to the fair value hierarchy defined by IFRS 13 'Fair Value Measurement'.
2. Level 1 according to the fair value hierarchy.
3. Level 2 according to the fair value hierarchy.
4. Categorised as 'fair value through other comprehensive income' financial assets (IFRS 9).
5. Categorised as 'fair value through profit or loss' and 'fair value through other comprehensive income' financial assets, respectively (IFRS 9).
6. Life insurance policies and investments in mutual funds are used by overseas companies to meet the cost of unfunded post employment benefit obligations (see note 22).

During the year, the Group has determined that it is no longer able to exercise significant influence over Wildlife Holdings, Inc. and, therefore, its 19% effective interest of £76 million at 30 September 2021 is now classified as a financial asset held at fair value through other comprehensive income. The fair value is based on a weighted income and market value approach, with the income approach based on discounted cash flow projections and the market value approach based on revenue and earnings multiples. The increase in the carrying value from the date of transfer (£69 million) to 30 September 2021 (£76 million) reflects fair value adjustments. Management does not consider that a reasonable change in key assumptions could lead to a material adjustment to the carrying value in the next 12 months.

15 TRADE AND OTHER RECEIVABLES

	2021			2020		
TRADE AND OTHER RECEIVABLES	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
NET BOOK VALUE						
At 1 October	**2,319**	**99**	**2,418**	3,051	96	3,147
Net movement	**455**	**32**	**487**	(596)	6	(590)
Currency adjustment	**(90)**	**(2)**	**(92)**	(136)	(3)	(139)
At 30 September	**2,684**	**129**	**2,813**	2,319	99	2,418
COMPRISED OF						
Trade receivables	**2,014**	**–**	**2,014**	1,747	–	1,747
Provision for impairment of trade receivables	**(77)**	**–**	**(77)**	(137)	–	(137)
Net trade receivables[1]	**1,937**	**–**	**1,937**	1,610	–	1,610
Other receivables[2, 3]	**396**	**147**	**543**	382	115	497
Provision for impairment of other receivables[2]	**(24)**	**(19)**	**(43)**	(12)	(19)	(31)
Net other receivables	**372**	**128**	**500**	370	96	466
Accrued income	**261**	**–**	**261**	238	–	238
Prepayments	**114**	**1**	**115**	101	3	104
Trade and other receivables	**2,684**	**129**	**2,813**	2,319	99	2,418

1. Categorised as 'amortised cost' financial assets (IFRS 9).
2. Includes net contract prepayments balance of £97 million (2020: £93 million).
3. Included within other receivables is £28 million of government grants receivable (2020: £63 million). These relate to government support under temporary wage and other subsidy schemes available in different countries. The Group does not have any unfulfilled obligations relating to these support programmes.

15 TRADE AND OTHER RECEIVABLES CONTINUED

The book value of trade and other receivables approximates to their fair value due to the short term nature of the majority of the receivables.

Credit sales are only made after credit approval procedures have been completed satisfactorily. The policy for making provisions for bad and doubtful debts varies from country to country as different countries and markets have different payment practices. Various factors are considered, including how overdue the debt is, the type of receivable and its past history, and current market and trading conditions, including increased expected credit losses as a result of COVID-19. Full provision is made for debts that are not considered to be recoverable.

There is limited concentration of credit risk with respect to trade and other receivables due to the diverse and unrelated nature of the Group's client and supplier base. Expected credit losses are measured using historical cash collection data grouped according to payment terms. The historical default rates are adjusted where macroeconomic factors are expected to have a significant impact when determining future expected credit loss rates. The expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age.

Trade and other receivables are written off when there is no reasonable expectation of recovery and enforcement activity has ceased. An impairment analysis is performed at each reporting date to measure expected credit losses. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for the impairment of receivables. The book value of trade and other receivables represents the Group's maximum exposure to credit risk.

Trade receivable days at 30 September 2021 were 36 days (2020: 35 days on a constant currency basis).

The ageing of gross trade receivables and of the provision for impairment is as follows:

TRADE RECEIVABLES	2021 Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Expected loss rate	**1%**	**4%**	**52%**	**100%**	**100%**	**4%**
Gross trade receivables	**1,655**	**295**	**23**	**11**	**30**	**2,014**
Provision for impairment of trade receivables	**(12)**	**(12)**	**(12)**	**(11)**	**(30)**	**(77)**
Net trade receivables	**1,643**	**283**	**11**	**–**	**–**	**1,937**

TRADE RECEIVABLES	2020 Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Expected loss rate	4%	6%	48%	74%	87%	8%
Gross trade receivables	1,379	281	33	23	31	1,747
Provision for impairment of trade receivables	(61)	(16)	(16)	(17)	(27)	(137)
Net trade receivables	1,318	265	17	6	4	1,610

Movements in the provision for impairment of trade and other receivables are as follows:

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2021 Trade £m	2021 Other £m	2021 Total £m	2020 Trade £m	2020 Other £m	2020 Total £m
At 1 October	**137**	**31**	**168**	73	46	119
Charged to income statement	**5**	**9**	**14**	98	11	109
Credited to income statement	**(33)**	**(2)**	**(35)**	(4)	(4)	(8)
Utilised	**(9)**	**(5)**	**(14)**	(27)	(5)	(32)
Reclassified	**(17)**	**10**	**(7)**	–	(10)	(10)
Currency adjustment	**(6)**	**–**	**(6)**	(3)	(7)	(10)
At 30 September	**77**	**43**	**120**	137	31	168

At 30 September 2021, trade receivables of £294 million (2020: £292 million) were past due but not impaired. The Group has made a provision based on a number of factors, including past history of the debtor and the expected credit loss given the ongoing economic impact of COVID-19, and all amounts not provided for are considered to be recoverable.

Management has considered the impact of reasonable changes in the expected credit loss rates used in the estimates made and do not consider that a reasonable change would lead to a material adjustment to the estimate in the next 12 months.

16 INVENTORIES

INVENTORIES	2021 £m	2020 £m
NET BOOK VALUE		
At 1 October	**310**	404
Business acquisitions	**1**	11
Sale and closure of businesses	**(25)**	–
Reclassification from assets held for sale	**3**	–
Net movement	**50**	(85)
Currency adjustment	**(12)**	(20)
At 30 September	**327**	310

17 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2021 £m	2020 £m
Cash at bank and in hand[1]	**434**	263
Short term bank deposits[2]	**1,406**	1,221
Cash and cash equivalents	**1,840**	1,484

1. Categorised as 'amortised cost' financial assets (IFRS 9).
2. Comprises £506 million (2020: £686 million) of money market funds categorised as 'fair value through profit or loss' financial assets (IFRS 9) and £900 million (2020: £535 million) of short term bank deposits categorised as 'amortised cost' financial assets (IFRS 9).

CASH AND CASH EQUIVALENTS BY CURRENCY	2021 £m	2020 £m
Sterling	**782**	794
US Dollar	**764**	473
Euro	**23**	33
Japanese Yen	**4**	5
Other	**267**	179
Cash and cash equivalents	**1,840**	1,484

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 19. The book value of cash and cash equivalents represents the maximum credit exposure.

MASTER NETTING OR SIMILAR AGREEMENTS

The Group has an agreement with a bank counterparty such that, at each quarter end, all balances are net settled simultaneously to a single sterling value which is transferred to the sterling bank account of Compass Group PLC and included in cash and cash equivalents at the balance sheet date. These cash and overdraft figures before netting are shown in the table below:

	2021		
	Gross £m	**Offset £m**	**Net £m**
Cash and cash equivalents	**2,119**	**(279)**	**1,840**
Bank overdrafts	**(463)**	**279**	**(184)**

	2020		
	Gross £m	Offset £m	Net £m
Cash and cash equivalents	1,888	(404)	1,484
Bank overdrafts	(501)	404	(97)

18 BORROWINGS

SHORT TERM AND LONG TERM BORROWINGS

	2021			2020		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Bank overdrafts	**184**	**–**	**184**	97	–	97
Bank loans	**2**	**–**	**2**	9	–	9
Loan notes	**295**	**811**	**1,106**	–	1,172	1,172
Bonds	**–**	**2,343**	**2,343**	–	2,501	2,501
Borrowings[1]	**481**	**3,154**	**3,635**	106	3,673	3,779

1. Categorised as 'other financial liabilities' (IFRS 9).

Interest on bank overdrafts and commercial paper is at the relevant money market rates.

The Group has a £2,000 million committed Revolving Credit Facility (RCF), of which £140 million is committed to August 2024 and £1,860 million is committed to August 2026. As at 30 September 2021, no amounts were drawn under the RCF (2020: £nil).

The Group has a US$4 billion commercial paper programme. Commercial paper is issued to meet short term liquidity requirements and is supported by the RCF. As at 30 September 2021, no commercial paper was outstanding under the programme (2020: £nil).

All amounts due under bank facilities, loan notes and bonds are shown net of unamortised issue costs. Additionally, the Group adjusts the carrying values of the bonds and loan notes that are designated in effective fair value hedge relationships for fair value gains and losses (based on observable market inputs) attributable to the risk being hedged.

LOAN NOTES

	Nominal value	Redeemable	Interest	2021 Carrying value £m	2020 Carrying value £m
US$ private placement	$398m	Oct 2021	3.98%	**295**	308
US$ private placement	$352m	Oct 2023	4.12%	**274**	294
US$ private placement	$100m	Dec 2024	3.54%	**74**	77
US$ private placement	$300m	Sep 2025	3.81%	**242**	262
US$ private placement	$300m	Dec 2026	3.64%	**221**	231
Total				**1,106**	1,172

BONDS

	Nominal value	Redeemable	Interest	2021 Carrying value £m	2020 Carrying value £m
Euro Eurobond	€500m	Jan 2023	1.88%	**440**	473
Euro Eurobond	€750m	Jul 2024	0.63%	**659**	707
Sterling Eurobond	£250m	Sep 2025	2.00%	**252**	261
Sterling Eurobond	£250m	Jun 2026	3.85%	**249**	249
Euro Eurobond	€500m	Sep 2028	1.50%	**443**	494
Sterling Eurobond	£300m	Jul 2029	2.00%	**300**	317
Total				**2,343**	2,501

No bonds were issued during the year.

BANK LOANS

	2021 Nominal value	2020 Nominal value	Facility maturity date	Interest[1]	2021 Carrying value £m	2020 Carrying value £m
Other bank loans	Various	Various	Various	Floating	**2**	9
Total					**2**	9

1. Interest rates are referenced to market specific benchmark rates for each currency equivalent plus a margin.

18 BORROWINGS CONTINUED

The maturity profile of borrowings is as follows:

MATURITY PROFILE OF BORROWINGS	2021 £m	2020 £m
Within 1 year, or on demand	**481**	106
Between 1 and 2 years	**440**	308
Between 2 and 3 years	**933**	473
Between 3 and 4 years	**568**	1,001
Between 4 and 5 years	**249**	600
In more than 5 years	**964**	1,291
Borrowings	**3,635**	3,779

The fair value of the Group's borrowings is calculated by discounting future cash flows to net present values at current market rates for similar financial instruments. The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair Value Measurement'. The table below shows the fair value of borrowings:

	2021		2020	
CARRYING VALUE AND FAIR VALUE OF BORROWINGS	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Bank overdrafts	**184**	**184**	97	97
Bank loans	**2**	**2**	9	9
Loan notes[1]	**1,106**	**1,143**	1,172	1,221
Bank overdrafts, bank loans and loan notes	**1,292**	**1,329**	1,278	1,327
€500m Eurobond Jan 2023	**440**	**440**	473	473
€750m Eurobond Jul 2024	**659**	**656**	707	695
£250m Eurobond Sep 2025	**252**	**258**	261	262
£250m Eurobond Jun 2026	**249**	**280**	249	289
€500m Eurobond Sep 2028	**443**	**456**	494	495
£300m Eurobond Jul 2029	**300**	**309**	317	316
Bonds	**2,343**	**2,399**	2,501	2,530
Borrowings	**3,635**	**3,728**	3,779	3,857

1. Includes £295 million (2020: £nil) repayable within one year.

BORROWINGS BY CURRENCY	2021 £m	2020 £m
Sterling	**801**	830
US Dollar	**1,287**	1,264
Euro	**1,542**	1,681
Other	**5**	4
Total	**3,635**	3,779

The Group had the following undrawn committed facilities available at 30 September, in respect of which all conditions precedent had then been met:

UNDRAWN COMMITTED FACILITIES	2021 £m	2020 £m
Expiring between 1 and 2 years	–	800
Expiring between 2 and 5 years	**2,000**	2,000
Total	**2,000**	2,800

18 BORROWINGS CONTINUED

During the prior year, the Group was eligible for the Bank of England's Covid Corporate Financing Facility (CCFF).

UNDRAWN BANK OF ENGLAND CCFF	**2021 £m**	2020 £m
Expiring between 1 and 2 years	–	600

Covenants

The Group has issued US Private Placement (USPP) notes which contain financial covenants. These consist of a leverage covenant test and an interest cover covenant test which are tested semi-annually at 30 September and 31 March.

The leverage covenant test stipulates that net debt after adjustments (including removal of leases, derivatives and fair value adjustments) must be less than or equal to 3.5 times underlying EBITDA after adjustments (including non-underlying items, depreciation on right of use assets and lease interest) and can be increased to 4 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

The interest cover covenant test stipulates that underlying EBITDA after adjustments (including non-underlying items, depreciation on right of use assets and lease interest) must be more than or equal to 3 times net finance costs after adjustments (including removal of lease interest and other financing items) and can be reduced to 2.5 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

	Covenant requirement[1]	Ratio[2]		Covenant ratio[3]	
		2021	2020	**2021**	2020
Leverage covenant	<=3.5	**1.6**	2.1	**1.5**	2.3
Interest cover covenant	>=3	**13.8**	10.6	**14.7**	9.6

1. Can be exceeded by 0.5 for three consecutive reporting periods following a material acquisition and subject to a coupon step up being paid.
2. Calculated using Alternative Performance Measures (see note 32). The leverage ratio reflects net debt divided by underlying EBITDA. The interest cover ratio reflects underlying EBITDA divided by underlying net finance costs.
3. Calculated using Alternative Performance Measures (see note 32) and adjusted as per the USPP agreements.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group targets a strong investment grade credit rating and manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of net debt (see note 32) and total equity.

FINANCIAL MANAGEMENT

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

COVID-19

Whilst the macroeconomic impact of the COVID-19 pandemic has diminished, it still has the potential to disrupt financial markets including currencies, interest rates, borrowing costs and the availability of debt financing. However, the Group's financial risk management strategies seek to reduce potential exposure in relation to these risks.

The Group has cash and cash equivalents of £1,840 million (2020: £1,484 million) providing significant headroom to cover short term liquidity requirements. Additionally, the Group has undrawn committed facilities of £2,000 million (2020: £2,800 million and a £600 million limit under the Bank of England Covid Corporate Financing Facility).

The Group's credit risk under financing activities is spread across a portfolio of highly rated institutions to reduce counterparty exposures.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

The Group finances its operations through cash generated by the business and borrowings from a number of sources including the bank, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2021 shows that the average period to maturity is 3.7 years (2020: 4.6 years). Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised committed banking facilities to maintain a level of headroom in line with Board approval. The level of undrawn facilities is set out in note 18.

Foreign currency risk

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

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

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

The Group has minimal exposure to the foreign currency risk of trade receivables and payables as operations within individual countries have little cross border activity which might give rise to translation risks on trade related balances.

The main currencies to which the Group's reported sterling financial position is exposed are the US Dollar and the Euro. As set out above, the Group seeks to hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies.

The effect on profit for the year (after tax) and total equity of a 10% strengthening of sterling against these currencies on the Group's financial instruments is shown below. A 10% weakening would result in an equal and opposite impact on the profit or loss and equity of the Group. This table shows the impact on the financial instruments in place at 30 September and has been prepared on the basis that the 10% change in exchange rates occurred on the first day of the financial year and applied consistently throughout the year.

FINANCIAL INSTRUMENTS: IMPACT OF STERLING STRENGTHENING BY 10%	2021		2020	
	Against US Dollar £m	Against Euro £m	Against US Dollar £m	Against Euro £m
Decrease in profit for the year (after tax)	**(2)**	**(24)**	(10)	(14)
Increase in total equity	**92**	**46**	85	57

Interest rate risk

As set out above, the Group has effective borrowings in a number of currencies. The Group raises fixed rate capital market debt and may swap this to floating rate using interest rate swaps on a case by case basis. The Group's policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year. For the second and third year, interest rates are fixed within ranges of 30%-70% and 0%-40%, respectively.

The sensitivity analysis given below has been determined based on the derivative and non-derivative financial instruments the Group had in place at the year end date.

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be to increase profit for the year (after tax) by £3 million (2020: £4 million) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE SENSITIVITY ANALYSIS	2021 Sterling £m	2021 US Dollar £m	2021 Euro £m	2021 Other £m	2021 Total £m
Increase in interest rate	**+1%**	**+1%**	**+1%**	**+1%**	
Floating rate exposure – cash/(debt)	**263**	**(60)**	**6**	**127**	**336**
Increase in profit for the year (after tax)	**2**	**–**	**–**	**1**	**3**

INTEREST RATE SENSITIVITY ANALYSIS	2020 Sterling £m	2020 US Dollar £m	2020 Euro £m	2020 Other £m	2020 Total £m
Increase in interest rate	+1%	+1%	+1%	+1%	
Floating rate exposure – cash/(debt)	298	19	(58)	204	463
Increase in profit for the year (after tax)	2	–	–	2	4

These changes are the result of the exposure to interest rates from the Group's floating rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and interest rate and currency hedging may be implemented after the year end date in order to comply with the treasury policies outlined above.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and managing the aggregate exposure to each against certain pre-agreed limits. Exposure to counterparty credit risk arising from deposits and derivatives (including forward currency contracts and cross currency swaps) is concentrated at the Group centre where possible. Financial counterparty limits are derived from the long and short term credit ratings, and the balance sheet strength of the financial counterparty. All financial counterparties are required to have a minimum long term credit rating from Moody's of Baa2 and a short term credit rating from Moody's of P-2 or equivalent from another recognised agency. To reduce credit exposures, the Group has International Swaps and Derivatives Association (ISDA) Master Agreements with all of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances. The maximum exposure to credit risk resulting from financial activities, without considering netting arrangements, is equal to the carrying value of the Group's financial assets.

As at 30 September 2021, 69% of cash and cash equivalents were held with investment grade bank counterparties, 27% with AAA money market funds and 4% held with non-investment grade bank counterparties. In addition, 100% of derivative instruments was held with investment grade bank counterparties.

The Group's policy to manage the credit risk associated with trade and other receivables is set out in note 15.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

HEDGING ACTIVITIES

The following section describes the derivative financial instruments the Group uses to apply the interest rate and foreign currency hedging strategies.

On adoption of IFRS 9 'Financial Instruments', the Group elected to continue to apply the hedge accounting guidance in IAS 39 'Financial Instruments: Recognition and Measurement'.

Fair value hedges
The Group uses interest rate and cross currency interest rate swaps to hedge the fair value of some of its fixed rate borrowings. These instruments swap the fixed interest payable on the borrowings into floating interest rates and hedge the fair value of the borrowings against changes in interest rates and foreign exchange rates. These swaps all qualify for fair value hedge accounting as defined by IAS 39, some of which are designated in fair value hedge relationships where appropriate.

On occasion, the Group uses forward currency contracts to hedge the fair value of significant foreign currency transactions against changes in foreign currency exchange rates. These forward currency contracts also qualify for hedge accounting as defined by IAS 39 and may be designated in fair value hedge relationships where appropriate.

Net investment hedges
The Group uses foreign currency denominated debt and forward currency contracts to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates.

The carrying value of debt and derivatives in a net investment hedge was £572 million (2020: £867 million). A foreign exchange gain of £37 million (2020: £47 million) relating to the net investment hedges has been netted off during the year within currency translation differences as presented in the consolidated statement of comprehensive income. The balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply is a loss of £584 million (2020: £621 million) and for which hedge accounting is no longer applied is £nil (2020: £nil).

Derivatives not in a hedging relationship
The Group has a number of derivative financial instruments that do not meet the criteria for hedge accounting. These include some interest rate swaps and some forward currency contracts used for interest and cash management.

The impact of the hedged items on the Group's financial statements is as follows:

	2021				
	Carrying amount of the hedged item		Accumulated amounts of fair value adjustments on hedged item		Changes in fair value for calculating hedge ineffectiveness
HEDGED ITEMS	Assets £m	Liabilities £m	Assets £m	Liabilities £m	£m
FAIR VALUE HEDGES					
Interest rate risk					
Financial liabilities – long term borrowings	–	(2,610)	–	(82)	99
	–	(2,610)	–	(82)	99
NET INVESTMENT HEDGES					
Foreign currency risk					
Continued hedges	n/a	n/a	n/a	n/a	37
Discontinued hedges	n/a	n/a	n/a	n/a	n/a
					37

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

HEDGED ITEMS	2020 Carrying amount of the hedged item Assets £m	Carrying amount of the hedged item Liabilities £m	Accumulated amounts of fair value adjustments on hedged item Assets £m	Accumulated amounts of fair value adjustments on hedged item Liabilities £m	Changes in fair value for calculating hedge ineffectiveness £m
FAIR VALUE HEDGES					
Interest rate risk					
Financial liabilities – long term borrowings	–	(2,807)	–	(181)	(12)
Foreign currency risk					
Firm commitment – trade and other receivables	–	–	–	–	12
	–	(2,807)	–	(181)	–
NET INVESTMENT HEDGES					
Foreign currency risk					
Continued hedges	n/a	n/a	n/a	n/a	47
Discontinued hedges	n/a	n/a	n/a	n/a	n/a
					47

The Group held the following instruments to hedge exposures to changes in interest rates and foreign currency risk:

HEDGING INSTRUMENTS	2021 Carrying amount of hedging instruments £m	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Nominal amounts of hedging instruments £m
FAIR VALUE HEDGES			
Interest rate risk			
Derivative financial instruments – non-current assets	111	(104)	2,108
Derivative financial instruments – non-current liabilities	(7)	16	430
	104	(88)	
NET INVESTMENT HEDGES			
Foreign currency risk			
Derivative financial instruments – current assets	–	11	(144)
Derivative financial instruments – current liabilities	(3)	–	(588)
Short term borrowing	(295)	13	(295)
Long term borrowing	(274)	13	(261)
	(572)	37	

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

	2020		
HEDGING INSTRUMENTS	Carrying amount of hedging instruments £m	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Nominal amounts of hedging instruments £m
FAIR VALUE HEDGES			
Interest rate risk			
Derivative financial instruments – non-current assets	237	3	2,642
Foreign currency risk			
Derivative financial instruments – current liabilities	–	(12)	227
	237	(9)	
NET INVESTMENT HEDGES			
Foreign currency risk			
Derivative financial instruments – current assets	3	9	(282)
Derivative financial instruments – current liabilities	–	(13)	(70)
Short term borrowing	–	8	(155)
Long term borrowing	(870)	43	(870)
	(867)	47	

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2'
The Group has early adopted the 'Interest Rate Benchmark Reform – Phase 2' (IBOR Reform) amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' that were issued by the IASB in August 2020. The amendments provide relief from applying specific hedge accounting requirements to hedge relationships directly affected by the IBOR Reform and have the effect that IBOR Reform should generally not cause hedge accounting to terminate. The Group believes that any resulting ineffectiveness consequent to the IBOR Reform has been or is likely to be immaterial. The Group does not believe that IBOR Reform has materially adversely affected the Group or its ability to manage its borrowings or interest rate risk.

The Group has £2,000 million of committed borrowing facilities that can be drawn in a number of currencies, some of which reference the relevant IBOR in calculating the applicable interest rate. Where the borrowing rate references GBP LIBOR or USD LIBOR, these have been amended to reference the relevant alternative reference rates.

The Group has a number of interest rate and cross currency interest rate swaps held to convert fixed rate debt into IBOR referenced floating rate debt and designated as fair value hedges. Nominal exposures to IBOR rates on these fair value hedges are GBP LIBOR £1,402 million and USD LIBOR £484 million.

The Group also holds a number of interest rate swaps that receive IBOR referenced interest rates and pay fixed rates. These are held for interest and cash management purposes and do not meet the criteria for hedge accounting. Nominal exposures to IBOR rates on these standalone derivatives are GBP LIBOR £650 million, USD LIBOR £386 million and JPY LIBOR £62 million.

In both cases, the Group is a party to the ISDA fallback protocols which will automatically convert the derivatives from LIBOR to the relevant alternative reference rate when the IBOR rate ceases.

With regard to the GBP derivatives in fair value hedges, the Group is of the opinion that any uncertainty regarding the transition has ceased and the IBOR Reform Phase 2 amendments are applicable. The Group has redocumented those hedges to incorporate the change from LIBOR to the alternative reference rates.

As the cessation of USD LIBOR is still some time away, the Group is of the opinion that there is still uncertainty around those derivatives and, therefore, the IBOR Reform Phase 1 amendments adopted by the Group in the prior year are still applicable. Subject to the cessation of USD LIBOR, the Group has completed its IBOR Reform process.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Fair value measurement

Derivative financial instruments are held at fair value in the consolidated balance sheet. The fair values have been determined by reference to Level 2 inputs as defined by the fair value hierarchy of IFRS 13 'Fair Value Measurement'. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market sourced data. There were no transfers between levels in either the year ended 30 September 2021 or 2020. The fair values of derivative financial instruments represent the maximum credit exposure.

DERIVATIVE FINANCIAL INSTRUMENTS	2021 Current assets £m	2021 Non-current assets £m	2021 Current liabilities £m	2021 Non-current liabilities £m	2020 Current assets £m	2020 Non-current assets £m	2020 Current liabilities £m	2020 Non-current liabilities £m
Interest rate swaps								
Fair value hedges[1]	–	**66**	–	–	–	122	–	–
Not in a hedging relationship[2]	–	**5**	**(1)**	–	2	–	(9)	(2)
Cross currency swaps								
Fair value hedges[1]	–	**45**	–	**(7)**	–	115	–	–
Forward currency contracts								
Net investment hedges[3]	–	–	**(3)**	–	3	–	–	–
Not in a hedging relationship[2]	**2**	–	**(5)**	–	–	–	–	–
Total	**2**	**116**	**(9)**	**(7)**	5	237	(9)	(2)

1. Derivatives that are designated and effective as fair value hedging instruments carried at fair value (IFRS 9).
2. Derivatives carried at 'fair value through profit or loss' (IFRS 9).
3. Derivatives that are designated and effective as net investment hedging instruments carried at fair value (IFRS 9).

NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY	2021 Fair value swaps £m	2021 Unhedged swaps £m	2020 Fair value swaps £m	2020 Unhedged swaps £m
Sterling	**550**	**392**	550	713
US Dollar	**484**	**334**	504	225
Euro	**1,505**	**258**	1,588	437
Japanese Yen	–	**26**	–	73
Other	–	**210**	–	221
Total	**2,539**	**1,220**	2,642	1,669

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AND LEASES AFTER THE EFFECT OF DERIVATIVES	2021 Gross borrowings £m	2021 Lease liabilities £m	2021 Forward currency contracts[1] £m	2021 Effective currency of borrowings £m	2020 Gross borrowings £m	2020 Lease liabilities £m	2020 Forward currency contracts[1] £m	2020 Effective currency of borrowings £m
Sterling	**801**	**223**	**361**	**1,385**	830	241	655	1,726
US Dollar	**1,287**	**368**	**493**	**2,148**	1,264	415	83	1,762
Euro	**1,542**	**153**	**(1,230)**	**465**	1,681	162	(1,066)	777
Japanese Yen	–	–	**58**	**58**	–	1	66	67
Other	**5**	**101**	**316**	**422**	4	123	204	331
Total	**3,635**	**845**	**(2)**	**4,478**	3,779	942	(58)	4,663

1. Includes cross currency contracts.

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

	2021						
GROSS DEBT MATURITY ANALYSIS	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
FIXED INTEREST							
£300m Eurobond 2029	–	–	–	–	–	299	299
€500m Eurobond 2028	–	–	–	–	–	427	427
£250m Eurobond 2026	–	–	–	–	249	–	249
£250m Eurobond 2025	–	–	–	247	–	–	247
€750m Eurobond 2024	–	–	641	–	–	–	641
€500m Eurobond 2023	–	430	–	–	–	–	430
US private placements	295	–	261	297	–	221	1,074
Total fixed interest	295	430	902	544	249	947	3,367
Unhedged swaps (fixed leg)	68	465	687	–	–	–	1,220
Fair value swaps (fixed leg)	–	(430)	(906)	(250)	(223)	(730)	(2,539)
Fixed interest liability	363	465	683	294	26	217	2,048
FLOATING INTEREST							
Bank overdrafts	184	–	–	–	–	–	184
Bank loans	2	–	–	–	–	–	2
Total floating interest	186	–	–	–	–	–	186
Unhedged swaps (floating leg)	(68)	(465)	(687)	–	–	–	(1,220)
Fair value swaps (floating leg)	–	430	906	250	223	730	2,539
Floating interest liability/(asset)	118	(35)	219	250	223	730	1,505
OTHER							
Lease liabilities	180	118	93	76	67	311	845
Fair value adjustments to borrowings[1]	–	10	31	24	–	17	82
Other liability	180	128	124	100	67	328	927
Gross debt excluding derivatives	661	558	1,026	644	316	1,275	4,480
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[1]	1	(46)	(41)	(27)	–	5	(108)
Forward currency contracts[2]	6	–	–	–	–	–	6
Gross debt	668	512	985	617	316	1,280	4,378

1. Non-cash item (changes in the value of this non-cash item are included in the other non-cash movements caption in note 27).
2. Non-cash item (changes in the value of this non-cash item are included in the currency translation gains/(losses) caption in note 27).

	2021						
PRINCIPAL AND INTEREST MATURITY ANALYSIS	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Gross debt	668	512	985	617	316	1,280	4,378
Less: Bank overdrafts	(184)	–	–	–	–	–	(184)
Less: Fees and premiums capitalised on issue	3	3	3	1	1	1	12
Less: Other non-cash items	(7)	36	10	3	–	(22)	20
Repayment of principal	480	551	998	621	317	1,259	4,226
Interest cash flows on debt and derivatives (settled net)	108	91	78	65	46	126	514
Settlement of forward currency contracts – payable leg	815	–	–	–	–	453	1,268
Settlement of forward currency contracts – receivable leg	(807)	–	–	–	–	(430)	(1,237)
Repayment of principal and interest	596	642	1,076	686	363	1,408	4,771

19 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

GROSS DEBT MATURITY ANALYSIS	2020 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
FIXED INTEREST							
£300m Eurobond 2029	–	–	–	–	–	298	298
€500m Eurobond 2028	–	–	–	–	–	450	450
£250m Eurobond 2026	–	–	–	–	–	249	249
£250m Eurobond 2025	–	–	–	–	246	–	246
€750m Eurobond 2024	–	–	–	676	–	–	676
€500m Eurobond 2023	–	–	453	–	–	–	453
US private placements	–	308	–	272	309	231	1,120
Total fixed interest	–	308	453	948	555	1,228	3,492
Unhedged swaps (fixed leg)	(38)	959	748	–	–	–	1,669
Fair value swaps (fixed leg)	–	–	(454)	(952)	(250)	(986)	(2,642)
Fixed interest (asset)/liability	(38)	1,267	747	(4)	305	242	2,519
FLOATING INTEREST							
Bank overdrafts	97	–	–	–	–	–	97
Bank loans	9	–	–	–	–	–	9
Total floating interest	106	–	–	–	–	–	106
Unhedged swaps (floating leg)	38	(959)	(748)	–	–	–	(1,669)
Fair value swaps (floating leg)	–	–	454	952	250	986	2,642
Floating interest liability/(asset)	144	(959)	(294)	952	250	986	1,079
OTHER							
Lease liabilities	197	166	127	98	77	277	942
Fair value adjustments to borrowings[1]	–	–	20	53	45	63	181
Other liability	197	166	147	151	122	340	1,123
Gross debt excluding derivatives	303	474	600	1,099	677	1,568	4,721
DERIVATIVE FINANCIAL INSTRUMENTS							
Derivative financial instruments[1]	7	2	(79)	(53)	(48)	(57)	(228)
Forward currency contracts[2]	(3)	–	–	–	–	–	(3)
Gross debt	307	476	521	1,046	629	1,511	4,490

1. Non-cash item (changes in the value of this non-cash item are included in the other non-cash movements caption in note 27).
2. Non-cash item (changes in the value of this non-cash item are included in the currency translation gains/(losses) caption in note 27).

PRINCIPAL AND INTEREST MATURITY ANALYSIS	2020 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Gross debt	307	476	521	1,046	629	1,511	4,490
Less: Bank overdrafts	(97)	–	–	–	–	–	(97)
Less: Fees and premiums capitalised on issue	4	3	3	3	1	2	16
Less: Other non-cash items	(4)	(2)	59	–	3	(6)	50
Repayment of principal	210	477	583	1,049	633	1,507	4,459
Interest cash flows on debt and derivatives (settled net)	125	102	91	78	66	158	620
Repayment of principal and interest	335	579	674	1,127	699	1,665	5,079

20 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2021 Current £m	2021 Non-current £m	2021 Total £m	2020 Current £m	2020 Non-current £m	2020 Total £m
NET BOOK VALUE						
At 1 October	**3,615**	**331**	**3,946**	4,718	214	4,932
Net movement	**602**	**(10)**	**592**	(977)	159	(818)
Reclassification	**(7)**	**(2)**	**(9)**	35	(36)	(1)
Transfer from held for sale	**8**	**–**	**8**	14	–	14
Currency adjustment	**(128)**	**(14)**	**(142)**	(175)	(6)	(181)
At 30 September	**4,090**	**305**	**4,395**	3,615	331	3,946
COMPRISED OF						
Trade payables[1]	**1,418**	**–**	**1,418**	1,113	–	1,113
Social security and other taxes	**361**	**23**	**384**	415	85	500
Other payables[2]	**312**	**51**	**363**	326	43	369
Deferred and contingent consideration on acquisitions[3]	**15**	**93**	**108**	131	90	221
Accruals[4]	**1,711**	**22**	**1,733**	1,377	7	1,384
Deferred income	**254**	**116**	**370**	228	106	334
Capital creditors	**19**	**–**	**19**	25	–	25
Trade and other payables	**4,090**	**305**	**4,395**	3,615	331	3,946

1. Categorised as 'financial liabilities' (IFRS 9).
2. Of this balance, £168 million (2020: £174 million) is categorised as 'financial liabilities' (IFRS 9).
3. Level 3 according to the fair value hierarchy defined by IFRS 13 'Fair Value Measurement'. Of this balance, £70 million (2020: £84 million) relates to deferred and contingent consideration and £38 million (2020: £137 million) relates to non-controlling interest put options.
4. Of this balance, £709 million (2020: £574 million) is categorised as 'financial liabilities' (IFRS 9).

Deferred and contingent consideration includes £49 million (2020: £53 million) of contingent consideration in respect of the acquisition of Fazer Food Services in January 2020. The £4 million reduction in the carrying value reflects exchange translation. The fair value represents management's best estimate of the amount that will be payable under the terms of the transaction based on discounted profit projections for the acquired business. Management does not consider that a reasonable change in key assumptions could lead to a material adjustment to the carrying value in the next 12 months.

The ageing of non-current financial liabilities in trade and other payables is as follows:

TRADE AND OTHER PAYABLES	2021 Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Financial liabilities	**41**	**58**	**20**	**–**	**21**	**140**

TRADE AND OTHER PAYABLES	2020 Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Financial liabilities	52	51	1	1	19	124

The directors consider that the carrying amount of trade and other payables approximates to their fair value. The current trade and other payables are payable on demand.

Trade payable days at 30 September 2021 were 65 days (2020: 63 days on a constant currency basis). The 2020 comparative has been re-presented for exchange translation and other adjustments to ensure comparability with the current year.

20 TRADE AND OTHER PAYABLES CONTINUED

Supply chain financing

The Group has Supply Chain Financing (SCF) arrangements in place. The principal purpose of these arrangements is to enable the supplier, if it so wishes, to sell its receivables due from the Group to a third party bank prior to their due date, thus providing earlier access to liquidity. From the Group's perspective, the invoice payment due date remains unaltered and the payment terms of suppliers participating in the SCF programmes are similar to those suppliers that are not participating, and to the wider industry more generally. If a receivable is purchased by a third party bank, that third party bank does not benefit from additional security when compared to the security originally enjoyed by the supplier.

At 30 September 2021, the value of invoices sold under the SCF programmes was £490 million, with £441 million related to the Group's programme in the US (2020: £319 million and £283 million, respectively). The increase in the value of the invoices sold compared with last year reflects the ongoing recovery of purchasing activity following the peak impact of COVID-19. These amounts are included within trade payables and all cash flows associated with the programmes are included within cash flow from operating activities as they continue to be part of the normal operating cycle of the Group.

21 PROVISIONS

PROVISIONS	Workers' compensation and similar obligations £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Severance £m	Other £m	Total £m
At 1 October 2019	304	23	55	21	38	26	467
Reclassification	–	3	–	1	–	8	12
Expenditure in the year	(76)	(21)	(18)	(3)	(107)	(2)	(227)
Charged to income statement	127	15	37	16	198	20	413
Credited to income statement	–	–	(10)	(4)	–	–	(14)
Business acquisitions	–	–	–	–	–	1	1
Unwinding of discount	3	–	–	–	–	–	3
Currency adjustment	(15)	(1)	–	(1)	–	(1)	(18)
At 30 September 2020	343	19	64	30	129	52	637
Reclassification	**–**	**4**	**(4)**	**5**	**6**	**(14)**	**(3)**
Expenditure in the year	**(74)**	**(3)**	**(29)**	**(5)**	**(186)**	**(3)**	**(300)**
Charged to income statement	**81**	**–**	**15**	**23**	**164**	**26**	**309**
Credited to income statement	**(15)**	**–**	**(8)**	**(3)**	**–**	**(8)**	**(34)**
Sale and closure of businesses	**–**	**(7)**	**–**	**1**	**–**	**(1)**	**(7)**
Unwinding of discount	**3**	**–**	**–**	**–**	**–**	**–**	**3**
Currency adjustment	**(14)**	**–**	**(2)**	**(2)**	**(5)**	**(1)**	**(24)**
At 30 September 2021	**324**	**13**	**36**	**49**	**108**	**51**	**581**

PROVISIONS	**2021 £m**	2020 £m
Current	**298**	337
Non-current	**283**	300
Total provisions	**581**	637

The provision for workers' compensation and similar obligations relates mainly to the potential settlement of claims by employees in the US for medical benefits and lost wages associated with injuries incurred in the course of their employment, and is essentially long term in nature.

Provisions in respect of discontinued and disposed of businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received.

21 PROVISIONS CONTINUED

Provisions for onerous contracts represent the liabilities in respect of unavoidable contract losses which will be utilised over the life of each individual contract. A full analysis is performed at least annually of the future profitability of all loss-making contracts and contracts with low profitability, and of the balance sheet items directly linked to these contracts. The continuing impact of COVID-19 has been considered when identifying and measuring contract loss provisions.

Provisions for legal and other claims relate principally to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

Provisions for severance primarily include people costs, such as redundancy costs and the cost of people change associated with the cost action programme and COVID-19 resizing costs. The Group expects these provisions to be substantially utilised within the next year.

Other provisions include environmental provisions in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements. The Group's aim is to have a low impact on the environment. These provisions are expected to be utilised as operating sites are disposed of or as environmental matters are resolved.

Provisions are discounted to present value where the effect is material using the discount rate applicable to the liability. In estimating the provisions above, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows. Management does not consider that a reasonable change in key assumptions in any of the provision estimates made at the date of the balance sheet could lead to a material adjustment in the next 12 months to the carrying amount of the liability recorded.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS

PENSION SCHEMES OPERATED

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's assets. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries. The Group makes employer contributions to the various schemes in existence within the range of 2% to 46% of pensionable salaries (2020: 2% to 57%).

The contributions payable for defined contribution schemes of £124 million (2020: £118 million) have been fully expensed against profits in the current year.

UK SCHEMES

UK employees that are in a pension arrangement are either in the Compass Retirement Income Savings Plan (CRISP) because they meet the eligibility criteria, in a GAD section of the Compass Group Pension Plan (the Plan) or have been automatically enrolled into the National Employment Savings Trust (NEST).

CRISP was launched on 1 February 2003 and has been the main vehicle for pension provision for eligible new joiners in the UK since that date. CRISP is a defined contribution (money purchase) arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 5%). Within CRISP, a new defined contribution section was established from April 2006 known as the Compass Higher Income Plan (CHIP). Senior employees who contribute to CRISP are offered an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Group's discretion. A CHIP payment may be taken in part, or in whole, as a cash allowance instead of a pension contribution.

CRISP has a corporate trustee. The Chairman is a former employee of the Group. The other six trustee directors are UK based employees of the Group, three of whom have been nominated by CRISP members.

The Plan is a defined benefit arrangement, which provides predominantly final salary benefits. Those UK employees who transferred from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006, typically up until 31 March 2015, have been eligible to join the Plan, which has otherwise been closed to new entrants since 2003. Such transferees entered into the GAD sections of the Plan and are known as 'GAD members'. However, under the Government's revised guidance for 'Fair Deal for staff pensions', the expectation is, and therefore the approach has been, that the Group participates in the relevant public-sector pension scheme and closes the Plan to future entrants. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2019. At the valuation date, the total market value of the assets of the Plan was £2,563 million which represented 106% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the trustees, the Group is no longer funding any deficit. The next triennial valuation is due to be completed as at 5 April 2022. The Plan is reappraised annually for accounting purposes by independent actuaries in accordance with IAS 19 'Employee Benefits' requirements.

The Plan has a corporate trustee. There is an independent chairman and one other independent trustee director. There are a further five trustee directors, who are either UK based employees or former employees of the Group (three of whom have been nominated by Plan members). The Plan operates under The Pensions Act with regulatory oversight from the Pensions Regulator.

The Group is subject to the Pension Automatic Enrolment Regulations for its workforce in the UK. All new UK employees who meet the statutory eligibility criteria, and who do not join CRISP or the Plan, are automatically enrolled into the NEST. Responsibility for the Group's ongoing compliance with the Pension Automatic Enrolment Regulations and for ensuring that the administration and investment of funds relating to automatic enrolment remain appropriate lies with the Group's Pension Automatic Enrolment Governance Committee.

The High Court ruling on Guaranteed Minimum Pension (GMP) equalisation was published on 20 November 2020. As a result, and based on actuarial advice, the Group has recognised £2 million of past service costs in the consolidated income statement. Consistent with previous rulings, this non-cash charge has been excluded from the Group's underlying operating profit.

OVERSEAS SCHEMES

In the US, the defined benefit plans are closed to new participants and the main vehicles for retirement provision are the defined contribution plans. The actuary provides Compass USA with the contributions required each year to the defined benefit plans, in order to work towards a 100% funding level on a projected salary basis.

Compass USA engages with a number of unions and is required to abide by the individual collective bargaining agreements (CBA) negotiated with each union. Under the terms of these CBAs, Compass USA is required to pay the union members' salary and contribute to various multi-employer benefit plans which include (i) post employment benefits, including pensions and post employment healthcare, (ii) defined contribution plans, such as 401(k) and annuity and savings plans and (iii) other plans which include legal funds, training funds and education funds.

Participation in multi-employer pension plans bears risks that differ from single-employer plans. These risks include:

- assets contributed to the plans by Compass USA may be used to provide benefits to employees of other participating employers
- if a participating employer stops contributing to the plan for any reason, the unfunded obligation remaining may transition to the remaining employers participating in the plan
- if Compass USA stops participating in the plan for any reason, it may be required to pay a proportionate amount to the plan for its share of the unfunded liability, known as a withdrawal liability

Compass USA is involved with 39 multi-employer benefit plans (2020: 36). The Group is not aware of, and has no reasonable expectation that, any plan in which it currently participates is in imminent danger of becoming insolvent, or is likely to experience a mass withdrawal.

These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £14 million in the year (2020: £19 million) to these arrangements.

In Canada, Germany, Norway, Spain and Switzerland, the Group also participates in funded defined benefit arrangements.

In other countries, Group employees participate primarily in state arrangements to which the Group makes the appropriate contributions.

Other than where required by local regulation or statute, the defined benefit schemes are closed to new entrants. For these schemes, the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

ALL DEFINED BENEFIT SCHEMES

The Group's obligations in respect of defined benefit pension schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value and the fair value of scheme assets is then deducted. The discount rate used is the yield at the valuation date on high quality corporate bonds, whose term is consistent with the timing of the expected benefit payments over future years.

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions which include life expectancy of members, expected salary and pension increases, and inflation. It is important to note that comparatively small changes in the assumptions used may have a significant effect on the consolidated income statement and balance sheet.

The liabilities of the defined benefit schemes are measured by discounting the best estimate of future benefit cash outflows using the projected unit credit method. This method is an accrued benefits valuation method that makes allowances for projected earnings. These calculations are performed by a qualified actuary.

Disclosures showing the assets and liabilities of the schemes are set out below. These have been calculated using the following assumptions:

	UK schemes		USA schemes		Other schemes	
	2021	2020	**2021**	2020	**2021**	2020
Discount rate	**2.0%**	1.7%	**2.5%**	2.3%	**2.4%**	1.6%
Inflation	**3.7%**	3.2%	**2.1%**	2.1%	**1.2%**	1.7%
CPI inflation	**3.2%**	2.2%	**n/a**	n/a	**n/a**	n/a
Rate of increase in salaries	**3.7%**	3.2%	**3.0%**	3.0%	**2.5%**	2.2%
Rate of increase for pensions in payment	**3.5%**	3.1%	**2.1%**	2.1%	**0.2%**	0.2%
Rate of increase for deferred pensions[1]	**3.4%**	2.7%	**0.0%**	0.0%	**0.0%**	0.0%

1. This assumption is presented as a weighted average.

At 30 September 2020, the CPI inflation assumption was derived by taking the value of the RPI inflation assumption and deducting 1% per annum. The UK government announced in November 2020 that the RPI calculation methodology will be aligned with CPIH (CPI with an allowance for owner occupied housing) and, as a result, our approach to deriving the CPI assumption has been refined as follows:

- pre-2030, the CPI inflation assumption is derived by taking the value of the RPI inflation assumption and deducting 1% per annum
- post-2030, the CPI inflation assumption is that CPI and RPI will be aligned

Consequently, the Group has reduced the assumed difference between RPI and CPI to an average of 0.5% per annum to reflect the fact that around half of the Group's total CPI related liabilities relate to pre-2030 CPI increases. The estimated impact of the change in methodology is a £25 million increase in the defined benefit obligation at 30 September 2021.

The mortality assumptions used to value the current year UK pension schemes are derived from the S3PA generational mortality tables (2020: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2020 Continuous Mortality Investigation of the UK actuarial profession (2020: 2019 model), with an S-kappa of 7.5, with 115% weighting for male non-pensioners, 111% for male pensioners (2020: 115% weighting for male non-pensioners, 111% for male pensioners) and 102% weighting for all females (2020: 102% weighting for all females), with a long term underpin of 1.5% per annum (2020: 1.5% per annum). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the UK and US plans' liabilities to be 17 years (2020: 18 years) and 9 years (2020: 10 years), respectively.

The directors have considered the impact of the COVID-19 pandemic and, at the present time, do not believe that there is sufficient evidence to require a change in the long term mortality assumptions. The directors will continue to monitor any potential future impact on the mortality assumptions used.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Examples of the resulting life expectancies for the UK Plan are as follows:

LIFE EXPECTANCY AT AGE 65	2021 Male	2021 Female	2020 Male	2020 Female
Member aged 65 in 2021 (2020)	**21.5**	**24.4**	21.5	24.4
Member aged 65 in 2046 (2045)	**23.4**	**26.6**	23.4	26.6

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of pension schemes.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries. The mortality assumptions used to value US schemes are derived from the mortality table Pri-2012 (2020: Pri-2012) and MP2020 generational scale (2020: MP2019). Examples of the resulting life expectancies for the US schemes are as follows:

LIFE EXPECTANCY AT AGE 65	2021 Male	2021 Female	2020 Male	2020 Female
Member aged 65 in 2021 (2020)	**21.8**	**23.2**	22.0	23.4
Member aged 65 in 2046 (2045)	**23.5**	**24.9**	23.9	25.3

RISKS

The Group bears a number of risks in relation to its defined benefit pension schemes. These risks and how they are mitigated for the Group's largest defined benefit plan are described below:

RISK	Description of risk	Mitigation
Interest rate	A decrease in corporate bond yields will increase the schemes' benefit obligations under IAS 19. The schemes are therefore exposed to the risk that falls in interest rates will decrease the schemes' surplus.	As part of the investment strategy, the UK Plan aims to mitigate this risk through investment in a liability driven investment (LDI) portfolio. LDI is a form of investing designed to match to a large extent the movement in pension plan assets with the movement in projected benefit obligations over time.
Inflation	The schemes' benefit obligations are linked to inflation. A higher rate of expected long term inflation will therefore lead to higher liabilities, both for the IAS 19 and funding liability.	The UK Plan contains caps on increases in scheme benefits to mitigate the risk of increase in inflation. Additionally, the UK Plan invests in LDI products which increase (decrease) in value when expectations of future inflation rates increase (fall), thus providing protection against inflation risk.
Investment	Asset returns can be volatile and there is a risk that the value of pension schemes' assets may not move in line with changes in pension scheme liabilities.	To mitigate against investment risk, the UK Plan invests in a way which aims to hedge a large proportion of the movements in the corresponding liabilities and investments are diversified across and within asset classes to avoid overexposure to any one asset class or market. The trustees and the Group regularly monitor the funding position and operate a diversified investment strategy.
Life expectancy	The schemes' obligations are to provide benefits for the life of the member and therefore increases in life expectancy will lead to higher liabilities.	The UK Plan's trustees and the Group regularly monitor the impact of changes in longevity on scheme obligations.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

SENSITIVITY ANALYSIS

Measurement of the Group's defined benefit obligations is particularly sensitive to changes in key assumptions, including discount rate, life expectancy and inflation. The sensitivities of the principal assumptions used to measure the defined benefit obligations of the schemes are set out below:

ASSUMPTION	Change in assumption	Impact on scheme retirement obligations 2021	Impact on scheme retirement obligations 2020
UK			
Discount rate	Increase by 0.5%	**Decrease by £201 million**	Decrease by £209 million
	Decrease by 0.5%	**Increase by £214 million**	Increase by £226 million
Inflation	Increase by 0.5%	**Increase by £124 million**	Increase by £126 million
	Decrease by 0.5%	**Decrease by £99 million**	Decrease by £120 million
CPI Inflation	Increase by 0.5%	**Increase by £24 million**	Increase by £31 million
	Decrease by 0.5%	**Decrease by £24 million**	Decrease by £28 million
Life expectations from age 65	Increase by 1 year	**Increase by £107 million**	Increase by £110 million
US AND OTHERS			
Discount rate	Increase by 0.5%	**Decrease by £13 million**	Decrease by £16 million
	Decrease by 0.5%	**Increase by £14 million**	Increase by £16 million
Inflation	Increase by 0.5%	**Increase by £5 million**	Increase by £6 million
	Decrease by 0.5%	**Decrease by £5 million**	Decrease by £6 million
Life expectations from age 65	Increase by 1 year	**Increase by £6 million**	Increase by £6 million

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). The impact of a change in the UK inflation rate shown above includes the impact of a change in both the RPI and CPI inflation rates.

The Group's net pension surplus is the difference between the schemes' assets and liabilities. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the changes in assumptions. For example, a fall in interest rates will increase the schemes' liabilities, but may also trigger an offsetting increase in the market value of certain assets so there may be little effect on the Group's liability.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

ANALYSIS OF THE FAIR VALUE OF PLAN ASSETS

At 30 September 2021, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown below by major category:

FAIR VALUE OF PLAN ASSETS BY MAJOR CATEGORY	2021 UK £m	2021 US £m	2021 Other £m	2021 Total £m	2020 UK £m	2020 US £m	2020 Other £m	2020 Total £m
EQUITIES								
Global equities quoted[1]	**120**	**247**	**28**	**395**	135	189	32	356
GOVERNMENT BONDS								
UK fixed interest quoted[1]	**763**	**–**	**–**	**763**	746	–	–	746
UK index linked quoted[1]	**1,170**	**–**	**–**	**1,170**	1,273	–	–	1,273
Overseas quoted	**–**	**–**	**3**	**3**	–	–	15	15
CORPORATE BONDS								
Corporate bonds quoted[1]	**424**	**52**	**–**	**476**	470	48	–	518
Diversified securities quoted	**–**	**–**	**41**	**41**	–	–	24	24
OTHER								
Property funds quoted[2]	**–**	**182**	**20**	**202**	–	160	20	180
Property funds unquoted[2]	**206**	**–**	**1**	**207**	195	–	–	195
Insurance policies unquoted	**–**	**–**	**6**	**6**	–	–	5	5
Other assets	**–**	**–**	**11**	**11**	–	–	15	15
Cash and cash equivalents	**11**	**65**	**3**	**79**	9	80	3	92
At 30 September	**2,694**	**546**	**113**	**3,353**	2,828	477	114	3,419

1. The quoted assets held by the UK Plan are held in unitised funds which are not traded on an active market.
2. 2020 re-presented to show the UK property funds as unquoted on the basis that they are not traded on an active market.

The UK Plan has holdings of diversified global equity assets, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. In respect of investments held in global equities, there is also a risk of unfavourable currency movements. The trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

The UK Plan also holds corporate bonds and other fixed interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by the UK government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS	2021 UK £m	2021 US £m	2021 Other £m	2021 Total £m	2020 UK £m	2020 US £m	2020 Other £m	2020 Total £m
At 1 October	**2,828**	**477**	**114**	**3,419**	2,828	439	105	3,372
Currency adjustment	**–**	**(17)**	**(3)**	**(20)**	–	(21)	1	(20)
Interest income on plan assets	**46**	**4**	**1**	**51**	50	7	1	58
Return on plan assets, excluding interest income	**(96)**	**83**	**7**	**(6)**	38	34	6	78
Employee contributions	**–**	**29**	**2**	**31**	–	44	2	46
Employer contributions	**3**	**15**	**12**	**30**	3	14	12	29
Benefits paid	**(84)**	**(45)**	**(20)**	**(149)**	(87)	(40)	(13)	(140)
Administration expenses paid from plan assets[1]	**(3)**	**–**	**–**	**(3)**	(4)	–	–	(4)
At 30 September (before effect of asset ceiling)	**2,694**	**546**	**113**	**3,353**	2,828	477	114	3,419
Effect of asset ceiling	**–**	**–**	**(7)**	**(7)**	–	–	–	–
At 30 September	**2,694**	**546**	**106**	**3,346**	2,828	477	114	3,419

1. The expenses of running the UK Plan are met directly by the UK Plan rather than by the principal employer.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2021 UK £m	2021 US £m	2021 Other £m	2021 Total £m	2020 UK £m	2020 US £m	2020 Other £m	2020 Total £m
At 1 October	**2,438**	**583**	**208**	**3,229**	2,432	547	204	3,183
Currency adjustment	–	**(20)**	**(10)**	**(30)**	–	(28)	(5)	(33)
Current service cost	**1**	**11**	**9**	**21**	1	9	10	20
Past service cost[1]	**2**	–	–	**2**	–	–	1	1
Plan settlements	–	–	**(2)**	**(2)**	–	–	–	–
Interest expense on benefit obligations	**40**	**6**	**3**	**49**	43	10	3	56
Remeasurements – financial assumptions	**(2)**	**80**	**(6)**	**72**	37	42	(2)	77
Remeasurements – demographic assumptions	**(5)**	**(1)**	**(4)**	**(10)**	12	(1)	1	12
Remeasurements – experience	–	**1**	**3**	**4**	–	–	7	7
Employee contributions	–	**29**	**2**	**31**	–	44	2	46
Benefits paid	**(84)**	**(45)**	**(20)**	**(149)**	(87)	(40)	(13)	(140)
At 30 September	**2,390**	**644**	**183**	**3,217**	2,438	583	208	3,229

1. As a result of the High Court ruling on Guaranteed Minimum Pension (GMP) equalisation published on 20 November 2020 and, based on actuarial advice, the Group has recognised £2 million of past service costs in the consolidated income statement.

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	2021 UK £m	2021 US £m	2021 Other £m	2021 Total £m	2020 UK £m	2020 US £m	2020 Other £m	2020 Total £m
Funded obligations	**2,341**	**546**	**115**	**3,002**	2,387	477	134	2,998
Unfunded obligations	**49**	**98**	**68**	**215**	51	106	74	231
Total obligations	**2,390**	**644**	**183**	**3,217**	2,438	583	208	3,229

POST EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET	2021 UK[1] £m	2021 Total £m	2021 UK[2] £m	2021 US £m	2021 Other £m	2021 Total £m
Fair value of plan assets	**2,694**	**2,694**	–	**546**	**113**	**659**
Effect of asset ceiling	–	–	–	–	**(7)**	**(7)**
Fair value of plan assets after the effect of asset ceiling	**2,694**	**2,694**	–	**546**	**106**	**652**
Present value of defined benefit obligations	**(2,341)**	**(2,341)**	**(49)**	**(644)**	**(183)**	**(876)**
Post employment benefit asset/(obligation) recognised in the balance sheet	**353**	**353**	**(49)**	**(98)**	**(77)**	**(224)**

1. UK funded defined benefit pension scheme.
2. UK unfunded defined benefit pension scheme.

POST EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET	2020 UK[1] £m	2020 Total £m	2020 UK[2] £m	2020 US £m	2020 Other £m	2020 Total £m
Fair value of plan assets	2,828	2,828	–	477	114	591
Present value of defined benefit obligations	(2,387)	(2,387)	(51)	(583)	(208)	(842)
Post employment benefit asset/(obligation) recognised in the balance sheet	441	441	(51)	(106)	(94)	(251)

1. UK funded defined benefit pension scheme.
2. UK unfunded defined benefit pension scheme.

Certain Group companies have taken out life insurance policies and invested in mutual funds which will be used to meet unfunded pension obligations. The current value of these policies and other assets of £72 million (2020: £59 million) may not be offset against pension obligations under IAS 19 and is reported within note 14.

22 POST EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The amounts recognised in the consolidated income statement are as follows:

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT	2021				2020			
	UK £m	US £m	Other £m	Total £m	UK £m	US £m	Other £m	Total £m
Current service cost	**1**	**11**	**9**	**21**	1	9	10	20
Past service cost[1]	**2**	**–**	**–**	**2**	–	–	1	1
Plan settlements	**–**	**–**	**(2)**	**(2)**	–	–	–	–
Administration expenses	**3**	**–**	**–**	**3**	4	–	–	4
Charged to operating expenses[2]	**6**	**11**	**7**	**24**	5	9	11	25
Interest expense on benefit obligations	**40**	**6**	**3**	**49**	43	10	3	56
Interest income on plan assets	**(46)**	**(4)**	**(1)**	**(51)**	(50)	(7)	(1)	(58)
(Credited)/charged to net finance costs	**(6)**	**2**	**2**	**(2)**	(7)	3	2	(2)
Total	**–**	**13**	**9**	**22**	(2)	12	13	23

1. As a result of the High Court ruling on Guaranteed Minimum Pension (GMP) equalisation published on 20 November 2020 and, based on actuarial advice, the Group has recognised £2 million of past service costs in the consolidated income statement.
2. 2020 re-presented to include administration expenses in the total shown as charged to operating expenses.

The Group made total contributions to defined benefit schemes of £30 million in the year (2020: £29 million) and expects to make total contributions to these schemes of £29 million in 2022, including £15 million related to the defined benefit plans in the US and £3 million in the UK.

The UK Plan is the largest scheme in the Group and was in surplus on a funding basis at the date of the most recent actuarial valuation as at 5 April 2019 and no deficit contributions are currently required. The remaining Group funded schemes do not have significant minimum funding requirements whilst contributions to unfunded pension schemes are quite stable. As a result, we do not expect the required future contributions to change substantially beyond next year.

The amounts recognised in the consolidated statement of comprehensive income are as follows:

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2021 £m	2020 £m
Remeasurement of post employment benefit obligations:		
Effect of changes in financial assumptions	**(72)**	(77)
Effect of changes in demographic assumptions	**10**	(12)
Effect of experience adjustments	**(4)**	(7)
Remeasurement of post employment benefit obligations – loss	**(66)**	(96)
Remeasurement of post employment benefit assets – loss	**(7)**	–
Return on plan assets, excluding interest income – (loss)/gain	**(6)**	78
Total	**(79)**	(18)

23 SHARE CAPITAL AND OTHER RESERVES

SHARE CAPITAL

SHARE CAPITAL	2021 Number of ordinary shares 11¹⁄₂₀ pence each	2021 £m	2020 Number of ordinary shares 11¹⁄₂₀ pence each	2020 £m
Allotted, called up and fully paid:				
At 1 October	**1,785,403,977**	**198**	1,589,736,625	176
Shares issued	–	–	195,667,352	22
At 30 September	**1,785,403,977**	**198**	1,785,403,977	198

During the year,163,563 treasury shares were released to satisfy employee share-based payment commitments (2020: 1,794,287), leaving a balance held at 30 September 2021 of 1,371,784 (2020: 1,535,347).

OTHER RESERVES

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2020	254	4,170	7	(215)	(71)	4,145
Other comprehensive income						
Currency translation differences	–	–	–	(154)	–	(154)
Reclassification of cumulative currency translation differences on sale of businesses	–	–	–	(24)	–	(24)
Tax on items relating to the components of other comprehensive income	–	–	–	1	–	1
Total other comprehensive loss	–	–	–	(177)	–	(177)
Fair value of share-based payments	20	–	–	–	–	20
Change in fair value of non-controlling interest put options	–	–	–	–	(16)	(16)
Release of share awards settled in existing shares purchased in the market	(3)	–	–	–	–	(3)
At 30 September 2021	271	4,170	7	(392)	(87)	3,969

1. Includes a loss of £584 million in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.

23 SHARE CAPITAL AND OTHER RESERVES CONTINUED

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2019	259	4,170	7	5	(79)	4,362
Other comprehensive income						
Currency translation differences	–	–	–	(204)	–	(204)
Reclassification of cumulative currency translation differences on sale of businesses	–	–	–	(14)	–	(14)
Tax on items relating to the components of other comprehensive income	–	–	–	(2)	–	(2)
Total other comprehensive loss	–	–	–	(220)	–	(220)
Fair value of share-based payments	(2)	–	–	–	–	(2)
Change in fair value of non-controlling interest put options	–	–	–	–	8	8
Release of share awards settled in existing shares purchased in the market	(3)	–	–	–	–	(3)
Shares issued, net of expenses[2]	–	1,943	–	–	–	1,943
Transfer of merger reserve to retained earnings[2]	–	(1,943)	–	–	–	(1,943)
At 30 September 2020	254	4,170	7	(215)	(71)	4,145

1. Includes a loss of £621 million in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.
2. In May 2020, the Company issued 195,667,352 new ordinary shares of 11$\frac{1}{20}$ pence each, comprising the 'Placing shares', the 'Subscription shares' and the 'Retail offer shares'. No share premium was recorded in relation to the Placing shares and the premium over the nominal value of these shares was credited to the merger reserve and subsequently recognised in retained earnings as the Company was able to rely on Section 612 of the Companies Act 2006.

Merger reserve

The merger reserve arose in 2000 following the demerger from Granada Compass plc.

Revaluation reserve

Fair value reserve arising on the acquisition of the remaining 50% interest in GR SA during 2008. The portion of the fair value adjustment pertaining to the Group's existing 50% shareholding in GR SA was credited to the revaluation reserve in accordance with IFRS 3 'Business Combinations'.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

24 SHARE-BASED PAYMENTS

INCOME STATEMENT EXPENSE

The Group recognised a charge of £20 million (2020: £2 million credit) in respect of share-based payment transactions. The credit recognised in the prior year reflected management's view of the impact of COVID-19 on the vesting conditions. All share-based payment plans are equity-settled.

The charge/(credit) is broken down by share-based payment scheme as follows:

	2021 £m	2020 £m
Long term incentive plans	12	(7)
Restricted shares	8	5
	20	(2)

LONG TERM INCENTIVE PLANS

Full details of The Compass Group PLC Long Term Incentive Plan 2018 (2018 LTIP) can be found in the Directors' Remuneration Report on pages 144 to 177.

The following table shows the movement in share awards during the year:

LONG TERM INCENTIVE PLANS	2021 Number of shares	2020 Number of shares
Outstanding at 1 October	5,688,141	5,791,851
Awarded	2,916,650	1,861,342
Cancelled	–	(193,807)
Vested	–	(1,632,418)
Lapsed	(2,251,497)	(138,827)
Outstanding at 30 September	6,353,294	5,688,141

The vesting conditions of the LTIP awards are included in the Directors' Remuneration Report.

The fair value of awards subject to Adjusted Free Cash Flow (AFCF) and Return On Capital Employed (ROCE) performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the AFCF and ROCE forecasts.

No shares vested during the year due to performance conditions not being met. The weighted average share price at the date of vesting for LTIP awards vested during 2020 (with reference to the LTIP award for 2016-2019 that vested in November 2019) was 1,915.50 pence

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.3 years (2020: 1.1 years).

For the year ended 30 September 2021, a Board LTIP award was made on 1 December 2020 for which the estimated fair value was 986.18 pence. Leadership LTIP awards were also made on 1 December 2020, 18 May 2021 and 17 June 2021 for which the estimated fair values were 1,041.43 pence, 1,398.33 pence and 1,547.21 pence, respectively.

For the year ended 30 September 2020, Board LTIP awards were made on 27 November 2019 and 18 August 2020 for which the estimated fair values were 1,378.55 pence and 1,099.80 pence, respectively. Leadership LTIP awards were also made on 27 November 2019, 18 August 2020 and 24 and 25 September 2020 for which the estimated fair values were 1,530.28 pence, 1,099.80 pence, 1,182.40 pence and 1,138.77 pence, respectively.

24 SHARE-BASED PAYMENTS CONTINUED

These awards were all made under the terms of the 2018 LTIP. The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

ASSUMPTIONS – LONG TERM INCENTIVE PLANS	2021	2020
Expected volatility	**37.5%**	29.1%
Risk free interest rate	**0.4%**	0.4%
Dividend yield	**2.2%**	2.2%
Expected life	**3.0 years**	2.5 years
Weighted average share price at date of grant	**1,381.15p**	1,409.73p

RESTRICTED SHARES

These are awards to certain employees in order to incentivise the achievement of particular business objectives under specific circumstances or where similar such shares have been forfeited by a new employee on joining the Group. The plan can take different forms such as an award of shares dependent on a service or achievement of specific performance conditions other than service.

The following table shows the movement in share awards during the year:

RESTRICTED SHARES	2021 Number of shares	2020 Number of shares
Outstanding at 1 October	**820,868**	441,447
Awarded	**385,971**	551,481
Vested, released and exercised	**(188,152)**	(116,933)
Lapsed	**(79,199)**	(55,127)
Outstanding at 30 September	**939,488**	820,868

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model using the following assumptions:

ASSUMPTIONS – RESTRICTED SHARES	2021	2020
Expected volatility	**38.2%**	22.2%
Risk free interest rate	**0.6%**	0.6%
Dividend yield	**2.2%**	2.3%
Expected life	**2.0 years**	2.2 years
Weighted average share price at date of grant	**1,459.02p**	1,694.77p

The weighted average share price at the date of release for restricted share awards released during 2021 was 1,467.28 pence (2020: 1,770.94 pence).

24 SHARE-BASED PAYMENTS CONTINUED

OTHER SHARE-BASED PAYMENT PLANS

The following table shows the movements in other share-based payment plans during the year:

OTHER SHARE-BASED PAYMENT PLANS	**2021 Number of shares**	2020 Number of shares
Outstanding at 1 October	**832,451**	1,181,589
Vested and exercised	**(179,572)**	(222,237)
Lapsed (following net settlement)	**(77,223)**	(88,969)
Lapsed	**(57,505)**	(37,932)
Outstanding at 30 September	**518,151**	832,451

The expense relating to these plans is not significant and no further disclosure is necessary except for the general details provided below:

Share options
Full details of The Compass Group Share Option Plan 2010 are set out in prior years' annual reports which are available on the Company's website. The last award under this plan was made in November 2013 and will expire in November 2023.

Deferred annual bonus plan (DAB)
Certain senior executives participate in the DAB. A portion of the annual bonus awarded to certain executives is converted into shares. Subject to the achievement of local organic revenue growth and cumulative profit before interest and tax over the three year deferral period, the number of deferred shares may be increased. Enhancements to the deferred shares are only released to the participants subject to the performance levels being met. The last award under this plan was made in November 2018.

25 ACQUISITION, SALE AND CLOSURE OF BUSINESSES

ACQUISITION OF BUSINESSES

The total cash spent on acquisitions during the year, net of cash acquired, was £167 million (2020: £464 million), including £103 million of deferred consideration paid in respect of the acquisition of Unidine Corp. which was acquired in December 2017 and £10 million of acquisition transaction costs included in net cash flow from operating activities in 2021. There were no material acquisitions during the current year. In the prior year, the Group acquired Fazer Food Services for an initial consideration of £363 million net of cash acquired.

A summary of all business acquisitions completed during the year is included below:

	2021		2020	
	Book value £m	Fair value £m	Book value £m	Fair value £m
NET ASSETS ACQUIRED				
Goodwill arising on acquisition	–	17	–	249
Other intangible assets arising on acquisition	–	15	10	304
Trade and other receivables	2	2	62	62
Other assets	3	3	55	55
Cash and cash equivalents	1	1	41	41
Deferred tax liabilities	–	–	–	(54)
Trade and other payables	–	–	(92)	(92)
Other liabilities	(3)	(3)	(24)	(24)
Fair value of net assets acquired (before non-controlling interests)		35		541
Non-controlling interests acquired		(5)		–
Fair value of net assets acquired		30		541
SATISFIED BY				
Cash consideration		24		465
Deferred and contingent consideration		6		76
Total consideration		30		541
CASH FLOW				
Cash consideration		24		465
Cash acquired		(1)		(41)
Acquisition transaction costs[1]		10		16
Net cash outflow arising on acquisition		33		440
Deferred consideration and other payments relating to previous acquisitions		134		24
Total cash outflow from purchase of subsidiary companies		167		464
CONSOLIDATED CASH FLOW STATEMENT				
Net cash flow from operating activities[1]		10		–
Net cash flow from investing activities		157		464
Total cash outflow from purchase of subsidiary companies		167		464

1. Acquisition transaction costs are included in net cash flow from operating activities. In the prior year, they were included in net cash flow from investing activities.

25 ACQUISITION, SALE AND CLOSURE OF BUSINESSES CONTINUED

Contingent consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

The fair value adjustments made in respect of acquisitions in the year to 30 September 2021 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

The goodwill arising on the acquisition of the businesses represents the premium the Group has paid to acquire companies which complement the existing business and create significant opportunities for cross selling and other synergies. The goodwill arising is not expected to be deductible for tax purposes.

In the period from acquisition to 30 September 2021, the acquisitions contributed £3 million of revenue to the Group's results (2020: £220 million). If the acquisitions had occurred on 1 October 2020, it is estimated that revenue for the year would have been £17,922 million. Acquisitions did not have a material impact on the Group's profits.

SALE AND CLOSURE OF BUSINESSES

The Group has continued to simplify its portfolio of businesses. Activity in the year has included the sale of the remaining US laundries business, with a net gain of £10 million on the sale and closure of businesses. In the prior year, there was a net gain of £115 million on the sale and closure of businesses, partly offset by £56 million of exit costs and asset write downs relating to committed or completed business exits.

A summary of all business disposals completed during the year is included below:

	2021 £m
NET ASSETS DISPOSED	
Goodwill	1
Right of use assets	14
Property, plant and equipment	29
Deferred tax assets	1
Trade and other receivables	19
Inventories	25
Lease liabilities	(16)
Provisions	(7)
Trade and other payables	(14)
Net assets disposed	**52**
CONSOLIDATED INCOME STATEMENT	
Cash consideration	32
Deferred consideration	4
Less: Net assets disposed	(52)
Add: Fair value adjustment on classification as other investments	2
Add: Reclassification of cumulative currency translation differences on sale of businesses	24
Net gain on sale and closure of businesses	**10**
CONSOLIDATED CASH FLOW STATEMENT	
Cash consideration	32
Tax payments in respect of prior year business disposals	(43)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	**(11)**

25 ACQUISITION, SALE AND CLOSURE OF BUSINESSES CONTINUED

The Group's consolidated balance sheet includes assets held for sale of £17 million (2020: £13 million) and liabilities held for sale of £nil (2020: £7 million) that represent one third of the Group's 50% shareholding in Highway Royal Co., Limited (Japanese Highways) which it has agreed to sell (see note 13). The disposal is expected to complete in January 2022. The business classified as held for sale in the prior year is no longer expected to be sold and, therefore, is not presented as held for sale at 30 September 2021. The major classes of assets and liabilities classified as held for sale as at year end are as follows:

CARRYING AMOUNT	2021 £m	2020[1] £m
Interests in joint ventures and associates	**17**	–
Trade and other receivables	–	9
Inventories	–	3
Other	–	1
Assets held for sale	**17**	13
Trade and other payables	–	(7)
Liabilities held for sale	–	(7)

Cumulative income or expenses included in other comprehensive income relating to these businesses amount to £nil (2020: £1 million of foreign exchange losses).

The non-recurring fair value measurement of the business held for sale is categorised as a Level 3 fair value and is based on the agreed sale price.

26 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	2021 £m	2020 £m
Operating profit before joint ventures and associates	**514**	290
Adjustments for:		
Acquisition related costs[1]	**96**	70
One-off pension charge	**2**	–
Cost action programme and COVID-19 resizing costs	**157**	197
Amortisation of other intangible assets	**79**	93
Amortisation of contract fulfilment assets	**200**	195
Amortisation of contract prepayments	**28**	26
Depreciation of right of use assets	**156**	164
Depreciation of property, plant and equipment	**250**	287
Unwind of costs to obtain contracts	**16**	15
Impairment losses – contract related non-current assets[2]	**32**	88
Impairment losses – other	**2**	4
Impairment reversals – contract related non-current assets	**(4)**	–
Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	**35**	31
Other non-cash changes	**(4)**	(3)
Decrease in provisions	**(182)**	(17)
Investment in contract prepayments	**(40)**	(40)
Increase in costs to obtain contracts	**(22)**	(28)
Post employment benefit obligations net of service costs	**(8)**	(9)
Share-based payments – charged/(credited) to profit	**20**	(2)
Operating cash flow before movements in working capital	**1,327**	1,361
(Increase)/decrease in inventories	**(50)**	102
(Increase)/decrease in receivables	**(497)**	676
Increase/(decrease) in payables	**712**	(921)
Cash generated from operations	**1,492**	1,218

1. The adjustment for acquisition related costs excludes acquisition transaction costs of £10 million and, therefore, acquisition transaction costs are included in cash flows from operating activities. In the prior year, acquisition transaction costs of £16 million were included in cash flows from investing activities.
2. Cost action programme charge includes impairment losses of £nil (2020: £2 million).

27 MOVEMENTS IN ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021	1 October 2020 £m	Cash outflow/ (inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation gains/ (losses) £m	30 September 2021 £m
Borrowings (excluding bank overdrafts)	(3,682)	**7**	88	–	136	**(3,451)**
Lease liabilities	(942)	**153**	20	(103)	27	**(845)**
Derivatives	231	**(11)**	(63)	–	(55)	**102**
Net movement in assets and liabilities arising from financing activities		**149**				
Purchase of own shares to satisfy employee share-based payments		**3**				
Net cash flow from financing activities		**152**				

MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020	1 October 2019 £m	Cash outflow/ (inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation gains £m	30 September 2020 £m
Borrowings (excluding bank overdrafts)	(3,845)	157	(17)	–	23	(3,682)
Lease liabilities	(998)	152	56	(174)	22	(942)
Derivatives	195	30	6	–	–	231
Net movement in assets and liabilities arising from financing activities[1]		339				
Issue of ordinary share capital, net of expenses		(1,972)				
Purchase of own shares to satisfy employee share-based payments		1				
Dividends paid to equity shareholders		427				
Dividends paid to non-controlling interests		6				
Net cash flow from financing activities		(1,199)				

1. Re-presented to include all bank overdrafts in cash and cash equivalents in the consolidated cash flow statement. Accordingly, the prior year net movement in assets and liabilities arising from financing activities has been increased by £79 million, from £260 million to £339 million.

Non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS	2021 £m	2020 £m
Amortisation of fees and discounts on issue of debt	**(4)**	(5)
Changes in fair value of borrowings in a fair value hedge	**92**	(12)
Bank and other borrowings	**88**	(17)
Lease liabilities acquired through business acquisitions	–	(22)
Lease liabilities derecognised on sale and closure of businesses	**16**	75
COVID-19 rent concessions	**4**	3
Lease liabilities	**20**	56
Changes in fair value of derivative financial instruments	**(63)**	6
Total	**45**	45

28 CONTINGENT LIABILITIES

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2021 £m	2020 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**366**	358

1. Excludes post employment obligations, borrowings and lease liabilities.

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint arrangements and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

LITIGATION AND CLAIMS

The Group is involved in various legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

The increasingly complex international corporate tax environment and an increase in audit activity from tax authorities means that the potential for tax uncertainties has increased. The Group is currently subject to a number of reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues. None of these audits are currently expected to have a material impact on the Group's financial position.

At 30 September 2020, the Group disclosed a contingent liability with a maximum potential liability of £113 million in respect of the European Commission's conclusion that part of the UK's Controlled Foreign Company legislation was in breach of EU State Aid rules. Subsequently, the Group has been notified by HMRC and the European Commission that it has not been a beneficiary of any such State Aid and, therefore, no contingent liability is disclosed in respect of this matter at 30 September 2021.

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations. The federal tax authorities in Brazil have issued a number of notices of deficiency relating primarily to the PIS/COFINS treatment of certain food costs and the corporate income tax treatment of goodwill deductions which we have formally objected to and which are now proceeding through the appeals process. At 30 September 2021, the total amount assessed in respect of these matters is £40 million. The possibility of further assessments cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisors, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded. We therefore do not currently expect any of these issues to have a material impact on the Group's financial position.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

29 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2021 £m	2020 £m
Contracted for but not provided for	**521**	592

The majority of capital commitments are for intangible assets.

30 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of Compass Group PLC:

SUBSIDIARIES

Transactions between the ultimate parent company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

JOINT VENTURES

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the year.

ASSOCIATES

There were no significant transactions with associated undertakings during the year.

KEY MANAGEMENT PERSONNEL

The remuneration of directors and key management personnel is set out in note 3. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

POST EMPLOYMENT BENEFIT SCHEMES

Details of the Group's post employment benefit schemes are set out in note 22.

31 POST BALANCE SHEET EVENTS

With the exception of the proposed dividend (see note 7), there are no material post balance sheet events.

32 NON-GAAP MEASURES

INTRODUCTION

The Executive Committee manages and assesses the performance of the Group using various underlying and other alternative performance measures. These measures are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with alternative performance measures used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year on year comparison. Management believes that the Group's underlying and alternative performance measures, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Certain of these measures are financial Key Performance Indicators which measure progress against our strategy.

In determining the adjustments to arrive at underlying results, we use a set of established principles relating to the nature and materiality of individual items or group of items, including, for example, events which: (i) are outside the normal course of business; (ii) are incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business: or (iii) are related to business acquisitions or disposals as they are not part of the Group's ongoing trading business and the associated cost impact arises from the transaction rather than from the continuing business.

DEFINITIONS

Measure	Definition	Purpose	Reference
INCOME STATEMENT			
Underlying revenue	Revenue plus share of revenue of joint ventures.	Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.	Note 1
Organic revenue[1]	Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.	Note 1
Underlying operating profit	Operating profit excluding specific adjusting items[2].	Provides a measure of Group operating profitability that is comparable over time.	Note 1
Regional underlying operating profit	Underlying operating profit excluding share of results of associates.	Provides a measure of regional operating profitability that is comparable over time.	Note 1
Underlying operating margin[1]	Regional underlying operating profit divided by underlying revenue.	An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.	Note 1
Organic operating profit	Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Provides a measure of Group operating profitability that is comparable over time.	Note 1
Net operating profit after tax (NOPAT)	Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.	Provides a measure of Group operating profitability that is comparable over time.	Below
Underlying EBITDA	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract related assets.	Provides a measure of Group operating profitability that is comparable over time.	Below

1. Key performance indicator.
2. Specific adjusting items are acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

32 NON-GAAP MEASURES CONTINUED

Measure	Definition	Purpose	Reference
INCOME STATEMENT (CONTINUED)			
Underlying net finance costs	Net finance costs excluding specific adjusting items[2].	Provides a measure of the Group's cost of financing excluding items outside of the control of management, such as hedge accounting ineffectiveness and change in the fair value of investments.	Below
Underlying profit before tax	Profit before tax excluding specific adjusting items[2].	Provides a measure of profitability that is comparable over time.	Below
Underlying tax expense	Tax expense excluding tax attributable to specific adjusting items[2].	Provides a measure of tax expense that is comparable over time.	Below
Underlying effective tax rate	Underlying tax expense divided by underlying profit before tax.	Provides a measure of the effective tax rate that is comparable over time.	Below
Underlying profit for the year	Profit for the year excluding specific adjusting items[2] and tax attributable to those items.	Provides a measure of profitability that is comparable over time.	Below
Underlying earnings per share[1]	Earnings per share excluding specific adjusting items[2] and tax attributable to those items.	Measures the performance of the Group in delivering value to shareholders.	Note 6
BALANCE SHEET			
Net debt	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.	Allows management to monitor the indebtedness of the Group.	Below
Net debt to EBITDA	Net debt divided by underlying EBITDA.	Provides a measure of the Group's ability to finance and repay its debt from its operations.	Below
Capital employed	Total equity shareholders' funds excluding net debt, post employment benefit obligations net of deferred tax, amortised intangible assets acquired through business combinations, impaired goodwill, the Group's non-controlling partners' share of net assets and the net assets of discontinued operations.	Provides a measure of the Group's efficiency in allocating its capital to profitable investments.	
Return on capital employed (ROCE)[1]	NOPAT divided by 12 month average capital employed.	ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or bolt-on acquisitions.	Below
CASH FLOW			
Gross capital expenditure	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments.	Provides a measure of total expenditure on long term intangible, tangible and contract related assets.	Below
Net capital expenditure	Gross capital expenditure, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.	Provides a measure of total expenditure on long term intangible, tangible and contract related assets, net of the proceeds from disposal of intangible, tangible and contract related assets.	Below

1. Key performance indicator.
2. Specific adjusting items are acquisition related costs, one-off pension charge, cost action programme and COVID-19 resizing costs, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

32 NON-GAAP MEASURES CONTINUED

Measure	Definition	Purpose	Reference
CASH FLOW (CONTINUED)			
Free cash flow	Net cash flow from operating activities, less purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.	Below
Underlying free cash flow[1]	Free cash flow excluding cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.	Below
Underlying free cash flow conversion	Underlying free cash flow divided by underlying operating profit.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.	Below
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.	Below

1. Key performance indicator.

32 NON-GAAP MEASURES CONTINUED

RECONCILIATIONS

INCOME STATEMENT

UNDERLYING PROFIT MEASURES	Notes	2021 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2021 Underlying £m
Operating profit	1	**545**	**106**	**2**	**157**	**1**	**–**	**–**	**811**
Net gain on sale and closure of businesses		**10**	**–**	**–**	**–**	**–**	**(10)**	**–**	**–**
Net finance costs	4	**(91)**	**–**	**–**	**–**	**–**	**–**	**(22)**	**(113)**
Profit before tax		**464**	**106**	**2**	**157**	**1**	**(10)**	**(22)**	**698**
Tax expense	5	**(107)**	**(21)**	**–**	**(41)**	**(1)**	**(5)**	**4**	**(171)**
Profit for the year		**357**	**85**	**2**	**116**	**–**	**(15)**	**(18)**	**527**
Less: Non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit attributable to equity shareholders		**357**	**85**	**2**	**116**	**–**	**(15)**	**(18)**	**527**
Effective tax rate		**23.1%**							**24.5%**

UNDERLYING PROFIT MEASURES	Notes	2020 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2020 Underlying £m
Operating profit	1	294	70	–	197	–	–	–	561
Net gain on sale and closure of businesses		59	–	–	–	–	(59)	–	–
Net finance costs	4	(143)	–	–	–	–	–	9	(134)
Profit before tax		210	70	–	197	–	(59)	9	427
Tax expense	5	(75)	(20)	–	(50)	–	31	(2)	(116)
Profit for the year		135	50	–	147	–	(28)	7	311
Less: Non-controlling interests		(2)	–	–	–	–	–	–	(2)
Profit attributable to equity shareholders		133	50	–	147	–	(28)	7	309
Effective tax rate		35.7%							27.2%

Specific adjusting items are as follows:

1. Acquisition related costs
Represent charges in respect of intangible assets acquired through business combinations, direct costs incurred as part of a business combination or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity (see note 2).

2. One-off pension charge
The £2 million current year pension charge in relation to GMP equalisation is classified as a specific adjusting item consistent with the classification of the £12 million charge recognised in 2019 following the original High Court hearing (see note 22).

3. Cost action programme and COVID-19 resizing costs
Charges related to actions taken to adjust our cost base and further cost actions taken to adjust our business to the new trading environment in light of the COVID-19 pandemic (see note 2).

4. Tax on share of profit of joint ventures
Reclassification of tax on share of profit of joint ventures to tax expense.

5. Net gain on sale and closure of businesses
Profits and losses on the sale of subsidiaries, joint ventures, associates and other financial assets (see note 25).

6. Other financing items
Financing items, including hedge accounting ineffectiveness and change in the fair value of investments (see note 4).

32 NON-GAAP MEASURES CONTINUED

NET OPERATING PROFIT AFTER TAX (NOPAT)

	2021 £m	2020 £m
Underlying operating profit	**811**	561
Less: Operating profit of non-controlling interests net of tax	–	(2)
Less: Tax on underlying operating profit at effective tax rate	**(199)**	(153)
NOPAT	**612**	406

UNDERLYING EBITDA

	2021 £m	2020 £m
Underlying operating profit	**811**	561
Add back/(deduct):		
Depreciation of property, plant and equipment and right of use assets	**406**	451
Amortisation of intangible assets, contract fulfilment assets and contract prepayments (excluding amortisation of intangibles arising on acquisition)	**307**	314
Impairment losses on contract related non-current assets	**32**	88
Other impairment losses	**2**	4
Impairment reversals on contract related non-current assets	**(4)**	–
Underlying EBITDA	**1,554**	1,418

BALANCE SHEET

COMPONENTS OF NET DEBT

	2021 £m	2020 £m
Borrowings	**(3,635)**	(3,779)
Lease liabilities	**(845)**	(942)
Derivative financial instruments	**102**	231
Gross debt	**(4,378)**	(4,490)
Cash and cash equivalents	**1,840**	1,484
Net debt	**(2,538)**	(3,006)

NET DEBT RECONCILIATION

	2021 £m	2020 £m
Net increase in cash and cash equivalents	**292**	1,012
Deduct: Increase in borrowings	**(11)**	(2,362)
Add back: Repayment of borrowings	**7**	2,549
Add back: Repayment of principal under lease liabilities	**153**	152
Decrease in net debt from cash flows	**441**	1,351
New lease liabilities and amendments	**(103)**	(174)
Amortisation of fees and discounts on issue of debt	**(4)**	(5)
Changes in fair value of borrowings in a fair value hedge	**92**	(12)
Lease liabilities acquired through business acquisitions	–	(22)
Lease liabilities derecognised on sale and closure of businesses	**16**	75
COVID-19 rent concessions	**4**	3
Changes in fair value of derivative financial instruments	**(63)**	6
Currency translation gains	**83**	40
Decrease in net debt	**466**	1,262
Net debt at 1 October	**(3,006)**	(4,267)
Cash reclassified from/(to) held for sale	**2**	(1)
Net debt at 30 September	**(2,538)**	(3,006)

32 NON-GAAP MEASURES CONTINUED

NET DEBT TO EBITDA

	2021 £m	2020 £m
Net debt	**2,538**	3,006
Underlying EBITDA	**1,554**	1,418
Net debt to EBITDA (times)	**1.6**	2.1

RETURN ON CAPITAL EMPLOYED (ROCE)

	2021 £m	2020 £m
NOPAT	**612**	406
Average capital employed	**7,931**	8,683
ROCE (%)	**7.7%**	4.7%

CASH FLOW

GROSS CAPITAL EXPENDITURE

	2021 £m	2020 £m
Purchase of intangible assets	**155**	166
Purchase of contract fulfilment assets	**231**	272
Purchase of property, plant and equipment	**228**	271
Investment in contract prepayments	**40**	40
Gross capital expenditure	**654**	749

NET CAPITAL EXPENDITURE

	2021 £m	2020 £m
Gross capital expenditure	**654**	749
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**(44)**	(43)
Net capital expenditure	**610**	706

FREE CASH FLOW

	2021 £m	2020 £m
Net cash flow from operating activities	**1,171**	845
Purchase of intangible assets	**(155)**	(166)
Purchase of contract fulfilment assets	**(231)**	(272)
Purchase of property, plant and equipment	**(228)**	(271)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**44**	43
Purchase of other investments	**(20)**	(1)
Proceeds from sale of other investments	**3**	16
Dividends received from joint ventures and associates	**28**	61
Interest received	**5**	8
Repayment of principal under lease liabilities	**(153)**	(152)
Dividends paid to non-controlling interests	**–**	(6)
Free cash flow	**464**	105

UNDERLYING FREE CASH FLOW

	2021 £m	2020 £m
Free cash flow	**464**	105
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	**186**	108
Add back: Acquisition transaction costs[1]	**10**	–
Underlying free cash flow	**660**	213

1. Acquisition transaction costs of £16 million were excluded from free cash flow in 2020 (see note 26).

32 NON-GAAP MEASURES CONTINUED

UNDERLYING FREE CASH FLOW CONVERSION	2021 £m	2020 £m
Underlying free cash flow	660	213
Underlying operating profit	811	561
Underlying free cash flow conversion (%)	**81.4%**	38.0%

UNDERLYING CASH TAX RATE	2021 £m	2020 £m
Tax received	29	40
Tax paid	(229)	(268)
Net tax paid	**(200)**	(228)
Underlying profit before tax	698	427
Underlying cash tax rate (%)	**28.7%**	53.4%

33 EXCHANGE RATES

	2021	2020
AVERAGE EXCHANGE RATE FOR THE YEAR[1]		
Australian Dollar	1.83	1.89
Brazilian Real	7.35	6.21
Canadian Dollar	1.73	1.72
Chilean Peso	1,019.64	1,013.12
Euro	1.15	1.14
Japanese Yen	147.07	137.83
New Zealand Dollar	1.94	2.00
Norwegian Krone	11.91	12.03
Turkish Lira	11.07	8.34
UAE Dirham	5.02	4.71
US Dollar	1.37	1.28
CLOSING EXCHANGE RATE AT 30 SEPTEMBER[1]		
Australian Dollar	1.87	1.80
Brazilian Real	7.35	7.29
Canadian Dollar	1.71	1.73
Chilean Peso	1,095.13	1,018.50
Euro	1.16	1.10
Japanese Yen	150.44	136.43
New Zealand Dollar	1.95	1.96
Norwegian Krone	11.77	12.10
Turkish Lira	11.98	9.96
UAE Dirham	4.95	4.75
US Dollar	1.35	1.29

1. Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC

PRINCIPAL SUBSIDIARIES	Country of incorporation	% Holding	Principal activities
Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia			
Compass Group (Australia) Pty Limited	Australia	100	Food and support services
Chaussée de Haecht 1179, B-1130 Bruxelles, Belgium			
Compass Group Belgilux S.A.	Belgium	100	Food services
Rua Tutoia, 119, Vila Mariana, São Paulo, 04007-000, Brazil			
GR Serviços e Alimentação Ltda.	Brazil	100	Food and support services
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada			
Compass Group Canada Ltd. Groupe Compass Canada Ltée[(iii)(iv)(v)(vi)(viii)]	Canada	100	Food and support services
Av. Las Condes 11.774, 7th Floor, Vitacura, Santiago, Chile			
Compass Catering Y Servicios Chile Limitada	Chile	100	Food and support services
Rued Langgards Vej 8, 1. sal, 2300 København S, DK, Denmark			
Compass Group Danmark A/S	Denmark	100	Food services
P.O. Box 210, FI-00281 Helsinki, Finland			
Compass Group Finland Oy	Finland	100	Food services
123 Avenue de la République – Hall A, 92320 Châtillon, France			
Compass Group France Holdings SAS	France	100	Holding company
Compass Group France SAS	France	100	Food and support services
Helfmann-Park 2, 65760, Eschborn, Germany			
Compass Group Deutschland GmbH	Germany	100	Holding company
Eurest Deutschland GmbH	Germany	100	Food service to business and industry
Eurest Services GmbH	Germany	100	Support services to business and industry
Medirest GmbH & Co OHG	Germany	100	Food service to the healthcare and senior living market
Via Angelo Scarsellini, 14, 20161, Milano, Italy			
Compass Group Italia S.p.A.	Italy	100	Food and support services
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan			
Compass Group Japan Inc.	Japan	100	Food and support services
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands			
Compass Group International B.V.	Netherlands	100	Holding company
Compass Group Nederland B.V.	Netherlands	100	Food and support services
Compass Group Nederland Holding B.V.	Netherlands	100	Holding company
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway			
Compass Holding Norge AS	Norway	100	Holding company
Calle Pinar de San José 98 planta 1ª 28054 Madrid, Spain			
Eurest Colectividades S.L.U.	Spain	100	Food and support services

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

PRINCIPAL SUBSIDIARIES	Country of incorporation	% Holding	Principal activities
Box 30170, 104 25 Stockholm, Sweden			
Compass Group FS Sweden AB	Sweden	100	Food services
Compass Group Sweden AB	Sweden	100	Holding company
Oberfeldstrasse 14, 8302, Kloten, Switzerland			
Compass Group (Schweiz) AG	Switzerland	100	Food and support services
Restorama AG	Switzerland	100	Food service
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/77 Üsküdar Istanbul, Turkey			
Sofra Yemek Űretim Ve Hizmet A.Ş.[iii]	Turkey	100	Food and support services
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom			
Compass Contract Services (U.K.) Limited	UK	100	Food and support services
Compass Group, UK and Ireland Limited	UK	100	Holding company
Foodbuy Europe Limited[iii][iv]	UK	100	Client procurement services management in the UK
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom			
Compass Group Holdings PLC[i][iii]	UK	100	Holding company and corporate activities
Hospitality Holdings Limited[i]	UK	100	Intermediate holding company
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, USA			
Bon Appétit Management Co.[viii]	USA	100	Food service
251 Little Falls Drive, Wilmington, DE 19808, USA			
Compass Group USA Investments Inc.	USA	100	Holding company
Compass Group USA, Inc.[viii]	USA	100	Food and support services
Crothall Services Group	USA	100	Support services to the healthcare market
Foodbuy, LLC	USA	100	Purchasing services in North America
Restaurant Associates Corp.	USA	100	Fine dining facilities
80 State Street, Albany, NY 12207-2543, USA			
Flik International Corp.	USA	100	Fine dining facilities
801 Adlai Stevenson Drive, Springfield, IL 62703, USA			
Levy Restaurants Limited Partnership	USA	100	Fine dining and food service at sports and entertainment facilities
40 Technology Pkwy South, #300, Norcross, GA 30092, USA			
Morrison Management Specialists, Inc.[viii]	USA	100	Food service to the healthcare and senior living market

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Chez: Eurojapan Résidence No.23, RN n°3 BP 398, Hassi Messaoud, Algeria		
Eurest Algerie SPA	Algeria	100
Condominio Dolce Vita, Via S8, Edifício 1D, Fração A & B, 2º andar, Talatona, Município de Belas, Luanda, República de Angola		
Express Support Services, Limitada	Angola	100
Esteban Echeverría 1050, 6th floor, Vicente Lopez (1602), Buenos Aires, Argentina		
Servicios Compass de Argentina S.A.	Argentina	100
Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia		
Compass Australia PTY Ltd(ii)	Australia	100
Compass (Australia) Catering & Services PTY Ltd(iii)(iv)	Australia	100
Compass Group B&I Hospitality Services PTY Ltd	Australia	100
Compass Group Defence Hospitality Services PTY Ltd	Australia	100
Compass Group Education Hospitality Services PTY Ltd	Australia	100
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	100
Compass Group Health Services Pty Ltd	Australia	100
Compass Group Management Services PTY Ltd	Australia	100
Compass Group Relief Hospitality Services PTY Ltd	Australia	100
Compass Group Remote Hospitality Services PTY Ltd	Australia	100
Delta Facilities Management PTY Ltd	Australia	100
Delta FM Australia PTY Ltd	Australia	100
Eurest (Australia) – Victoria PTY Ltd	Australia	100
Eurest (Australia) Food Services – Wollongong PTY Ltd	Australia	100
Eurest (Australia) Food Services PTY Ltd	Australia	100
Eurest (Australia) Licence Holdings PTY Ltd	Australia	100
Eurest (Australia) PTY Ltd	Australia	100
Foodbuy Pty Ltd	Australia	100
LAPG Education PTY Ltd	Australia	100
LAPG PTY Ltd	Australia	100
Life's A Party Group PTY Ltd	Australia	100
Life's A Party PTY Ltd	Australia	100
Omega Security Services PTY Ltd	Australia	100
Restaurant Associates (Australia) PTY Ltd	Australia	100
Sargem PTY Ltd	Australia	100
Level 22, 135 King Street, Sydney, NSW 2000, Australia		
MBM Integrated Services Pty(ii)	Australia	100
IZD Tower, Wagramer Strasse 19/4. Stock, 1220 Wien, Austria		
Compass Group Austria Holdings One GmbH	Austria	100
Compass Group Austria Holdings Two GmbH	Austria	100
Eurest Restaurationsbetriebsgesellschaft m.b.H	Austria	100
Kunz Gebäudereinigung GmbH	Austria	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Chaussée de Haecht 1179, B-1130 Brussels, Belgium		
Compass Group Service Solutions S.A.	Belgium	100
F.L.R. Holding S.A.(ii)	Belgium	100
Xandrion Belgie BVBA	Belgium	100
Rua Tutóia, 119, 1st Floor, Vila Mariana, São Paulo, 04007-000, Brazil		
Clean Mall Serviços Ltda.	Brazil	100
Rua Tutóia, 119, 5th Floor, Vila Mariana, São Paulo, 04007-903, Brazil		
Foodbuy Alimentos Sociedade Unipessoal Ltda.	Brazil	100
Rua Tutóia, 119, 3rd Floor, Vila Mariana, São Paulo, 04007-000, Brazil		
GRSA Serviços LTDA.	Brazil	100
Craigmuir Chambers, PO Box 71, Roadtown, Tortola, VG1110, British Virgin Islands		
Compass Group Holdings (BVI) Limited	British Virgin Islands	100
c/o Action Group Ltd., No.12, Street 614, Sangkat Boeung Kok II, Khan Tuol Kork, Phnom Penh City, Cambodia		
Compass Group (Cambodia) Co. Ltd.(ii)	Cambodia	100
100, Rue nº 1044 Hydrocarbures, Bonapriso, BP 5767, Douala, Cameroon		
Eurest Cameroun SARL(ii)	Cameroon	100
Eurest Camp Logistics Cameroun SARL(ii)	Cameroon	100
12 Kodiak Crescent, Toronto, Ontario, M3J 3G5, Canada		
Imperial Coffee and Services Inc.(iii)(iv)(v)	Canada	100
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada		
Canteen of Canada Limited(iii)	Canada	100
Compass Canada Support Services Ltd(iii)(iv)(v)(vi)(viii)	Canada	100
Compass Group Canada Operations Ltd(iii)	Canada	100
1969 Upper Water Street, Purdy's Wharf Tower II, Suite 1300, Halifax, Nova Scotia B3J 3R7, Canada		
Crothall Services Canada Inc.(iii)(iv)	Canada	100
1959 Upper Water Street, Suite 1100, Halifax, Nova Scotia, B3J 3E5, Canada		
East Coast Catering (NS) Limited(iii)	Canada	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
East Coast Catering Limited(iii)(iv)(viii)(v)	Canada	100
Long Harbour Catering Limited Partnership(x)	Canada	100
Long Harbour Catering Limited(iii)(viii)	Canada	100
421 7th Avenue SW, Suite 1600, Calgary, Alberta, T2P 4K9, Canada		
Great West Catering Ltd.(iii)	Canada	100
Tamarack Catering Ltd.(iii)	Canada	100
2580 Rue Dollard, Lasalle, Quebec, H8N 1T2, Canada		
Groupe Compass (Québec) Ltée(iii)(iv)(v)(vi)(viii)	Canada	100
550 Burrard Street, Suite 2300, Bentall 5, P.O. Box 30, Vancouver, British Columbia, V6C 2B5, Canada		
Town Square Food Services Ltd.(iii)	Canada	100
Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile		
Cadelsur S.A.	Chile	100
Compass Catering S.A.	Chile	100
Compass Servicios S.A.	Chile	100
Scolarest S.A.	Chile	100
No. 1999 Floor 2, Xin Zhu Road, Minhang District, Shanghai 200237, China		
Compass (China) Management Services Company Limited	China	100
Room 401 No.2536, Pudong Avenue, Pudong District, Shanghai 200135, China		
Shanghai Eurest Food Technologies Service Co., Ltd.	China	100
Calle 98#11B – 29 Bogotá – Colombia		
Compass Group Services Colombia S.A.	Colombia	100
Enceinte de Brometo Centre Ville, BP 5208, Pointe-Noire, The Democratic Republic of the Congo		
Eurest Services Congo SARL(ii)	Congo	100
195, Arch. Makariou III Avenue, Neocleous House, 3030 Limassol, Cyprus		
ESS Design & Build Ltd(ii)	Cyprus	100
Eurest Support Services (Cyprus) International Ltd(i)	Cyprus	100
Jankovcova, 1603/47a, Holešovice 170 00, Prague 7, Czech Republic		
Compass Group Czech Republic s.r.o.	Czech Republic	100
SCOLAREST- zařízení školního stravování spol. s.r.o	Czech Republic	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Skibhusvej 52 A, 1, Postboks 49, 5000 Odense C, Denmark		
Compass Group FS Denmark A/S	Denmark	100
Harju maakond, Saku vald, Jälgimäe küla, Jälgimäe tee 14, 76404, Estonia		
Compass Group FS Estonia OÜ	Estonia	100
123 Avenue de la République – Hall A, 92320 Châtillon, France		
7000 Set Meal SAS	France	100
Academie Formation Groupe Compass SAS	France	100
Caterine Restauration SAS	France	100
Delisaveurs SAS	France	100
Eurest Sports & Loisirs SAS	France	100
La Puyfolaise de Restauration SAS	France	100
Levy Restaurants France SAS	France	100
Mediance SAS	France	100
Memonett SAS	France	100
Servirest SAS	France	100
SHRM Angola SAS(ii)	France	100
Société De Prestations En Gestion Immobiliere SAS	France	100
Société Nouvelle Lecocq SAS	France	100
Sud Est Traiteur SAS	France	100
Rue des Artisans, ZA de Bel Air, 12000 Rodez, France		
Central Restauration Martel (CRM)	France	100
Zone Artisanale, 40500 Bas Mauco, France		
Culinaire Des Pays de L'Adour SAS	France	100
40, Bd de Dunkerque, 13002 Marseille, France		
Société International D'Assistance SA(ii)	France	100
Lieu Dit la Prade, 81580 Soual, France		
Occitanie Restauration SAS	France	100
3 rue Camille Claudel Atlanparc Bat.M, Zone Kerluherne, CS 20043, 56890 Plescop, France		
Oceane de Restauration SAS	France	100
Rue Eugène Sué, Zone Industrielle de Blanzat, 03100 Montluçon, France		
Sogirest SAS	France	100
ZONE OPRAG, (Face á Bernabé Nouveau Port), BP 1292, Port Gentil, Gabon		
Eurest Support Services Gabon SA(ii)	Gabon	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Helfmann-Park 2, 65760, Eschborn, Germany		
Compass Group GmbH	Germany	100
Eurest Bremen GmbH	Germany	100
Eurest Köln GmbH	Germany	100
Eurest Süd GmbH	Germany	100
Food affairs GmbH	Germany	100
Foodbuy CE GmbH(ii)	Germany	100
Kanne Café GmbH	Germany	100
Menke Menue GmbH	Germany	100
Royal Business Restaurants GmbH	Germany	100
S.B. Verwaltungs GmbH	Germany	100
Konrad-Zuse-Platz 2, 81829 München, Germany		
Leonardi EPM GmbH	Germany	100
Leonardi HPM GmbH	Germany	100
Leonardi Vermögensverwaltungs GmbH	Germany	100
Leonardi Betriebsverwaltungs GmbH	Germany	100
Leonardi GmbH & Co. KG	Germany	100
Leonardi Kaffee neu entdecken GmbH & Co. KG	Germany	100
Leonardi SVM GmbH	Germany	100
Sankt-Florian-Weg 1, 30880, Laatzen, Germany		
Eurest West GmbH & Co. KG	Germany	100
orgaMed Betriebsgesellschaft für Zentralsterilisationen GmbH	Germany	100
PLURAL Gebäudemanagement GmbH	Germany	100
PLURAL Personalservice GmbH	Germany	100
PLURAL servicepool GmbH	Germany	100
Pfaffenwiese, 65929 Frankfurt/M., Germany		
LPS Event Gastronomie GmbH	Germany	100
PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB		
Compass Group Finance Ltd	Guernsey	100
Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong		
Compass Group Hong Kong Ltd	Hong Kong	100
Encore Catering Ltd	Hong Kong	100
Shing Hin Catering Group Ltd	Hong Kong	100
Irinyi József u. 4-20. B épület, H-1117 Budapest, Hungary		
Eurest Étteremüzemeltető Korlátolt Felelősségű Társaság	Hungary	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Spaze I – Tech Park, Tower A, Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India		
Compass India Food Services Private Limited	India	100
Unit #401, 4th Floor, Tower A, Spaze I – Tech Park Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India		
Compass India Support Services Private Limited	India	100
3rd Floor, 43a, Yeats Way, Parkwest Business Park, Dublin 12, Ireland		
Amstel Limited(ii)	Ireland	100
Catering Management Ireland Limited(ii)	Ireland	100
Cheyenne Limited(ii)	Ireland	100
Compass Catering Services, Ireland Limited	Ireland	100
COH Ireland Investments Unlimited Company(viii)(ix)	Ireland	100
Drumburgh Limited(ii)	Ireland	100
Management Catering Services Limited	Ireland	100
National Catering Limited(ii)	Ireland	100
Rushmore Investment Company Limited(ii)(viii)	Ireland	100
Sutcliffe Ireland Limited	Ireland	100
Zadca Limited(ii)	Ireland	100
Tower House, Loch Promenade, Douglas, IM1 2LZ, Isle of Man		
Queen's Wharf Insurance Services Limited(viii)	Isle of Man	100
Nihonseimei Hakataeki-mae Daini Building 5th Floor, 4-1-1, Hakataeki-mae, Hakata-ku, Fukuoka-City, Fukuoka-Prefecture, 812-0011 Japan		
Eishoku-Medix, Inc.	Japan	100
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan		
Eurest Japan, Inc.	Japan	100
Fuyo, Inc.	Japan	100
MFS, Inc.	Japan	100
Nihon Kyushoku Service, Inc.	Japan	100
Compass Group Japan Holdings Inc.	Japan	100
44 Esplanade, St Helier, Jersey, JE4 9WG		
Malakand Unlimited	Jersey	100
060011, Atyrauskaya Oblast, Atyrau City, Beibarys Sultan Avenue 506, Kazakhstan		
Compass Kazakhstan LLP	Kazakhstan	100
Eurest Support Services Kazakhstan LLP	Kazakhstan	100
ESS Support Services LLP	Kazakhstan	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
209/8919 Sigma Road Off Enterprises Road, PO BOX 14 662, Nairobi, Kenya		
Kenya Oilfield Services Ltd(ii)	Kenya	100
19, Rue Léon Laval, L-3372 Leudelange, Luxembourg		
Eurest Luxembourg S.A.	Luxembourg	100
IMMO Capellen S.A.	Luxembourg	100
Innoclean S.A.	Luxembourg	100
Novelia Senior Services S.A.	Luxembourg	100
Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia		
Compass Group Malaysia Sdn Bhd	Malaysia	100
Riaaxis Sdn. Bhd.(ii)	Malaysia	100
Genviolet Sdn. Bhd.(ii)	Malaysia	100
50-8-1, TKT.8, Wsima UOA Damansara, 50 Jalan. Dungun, Damansara Heights, Kuala Lumpur, 50490, Malaysia		
S.H.R.M. Sdn. Bhd.(ii)	Malaysia	100
Calle Jaime Balmes 11, Oficina 101 letra D, Colonia Los Morales Polanco, Alcaldía Miguel Hidalgo, 11510 Ciudad de México, Mexico		
Compass México Servicios de Soporte, S.A. De C.V.(iii)(iv)	Mexico	100
Eurest Proper Meals de Mexico S.A. de C.V.(iii)(iv)	Mexico	100
Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V.(iii)(iv)	Mexico	100
c/o 251 Little Falls Drive, Wilmington, DE 19808, USA		
Food Works of Mexico, S. de R.L. de C.V.(ii)(iii)(iv)	Mexico	100
Food Works Services of Mexico, S. de R.L. De C.V.(ii)(iii)(iv)	Mexico	100
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
Aurora HoldCo B.V.	Netherlands	100
CGI Holdings (2) B.V.	Netherlands	100
Compass Group Holding B.V.	Netherlands	100
Compass Group Finance Netherlands B.V.	Netherlands	100
Compass Group International 2 B.V.	Netherlands	100
Compass Group International 3 B.V.	Netherlands	100
Compass Group International 4 B.V.	Netherlands	100
Compass Group International 5 B.V.	Netherlands	100
Compass Group International 9 B.V.	Netherlands	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Compass Group International Finance 1 B.V.	Netherlands	100
Compass Group International Finance 2 B.V.	Netherlands	100
Compass Group Vending Holding B.V.	Netherlands	100
Compass Hotels Chertsey B.V.	Netherlands	100
Eurest Services B.V.	Netherlands	100
Eurest Support Services (ESS) B.V.	Netherlands	100
Luzernestraat 57, 2153 GM, Nieuw-Vennep, Netherlands		
Famous Flavours B.V.(viii)	Netherlands	100
Stationsweg 95, 6711 PM Ede, Netherlands		
Xandrion B.V.	Netherlands	100
85 Avenue du Général de Gaulle, Immeuble Carcopino 3000, BP 2353, 98846 Nouméa Cedex, New Caledonia		
Eurest Caledonie SARL(ii)	New Caledonia	100
Level 3, 15 Sultan Street, Ellerslie 1051, New Zealand		
Compass Group New Zealand Limited	New Zealand	100
Crothall Services Group Limited(ii)	New Zealand	100
Eurest NZ Limited(ii)	New Zealand	100
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway		
COMPASS GROUP NORGE AS(iii)	Norway	100
Forusparken 2, 4031 Stavanger, Postboks 8083 Stavanger Postterminal, 4068, Stavanger, Norway		
ESS MOBILE OFFSHORE UNITS AS	Norway	100
ESS SUPPORT SERVICES AS	Norway	100
c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea		
Eurest (PNG) Catering & Services Ltd(ii)	Papua New Guinea	100
Unit 2410 24th flr, City & Land Mega Plaza, ADB Ave., Ortigas Ctr., San Antonio, Pasig City 1605, Philippines		
Compass Group Philippines Inc(ii)	Philippines	100
Ul. Olbrachta 94, 01-102 Warszawa, Poland		
Compass Group Poland Sp. Z o.o.	Poland	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Edifício Prime, Avenida da, Quinta Grande, 53-60, Alfragide 2614-521 Amadora, Portugal		
Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda.	Portugal	100
Eurest Catering & Services Group Portugal, Lda.	Portugal	100
Bucureşti Sectorul 4, Cale Şerban Vodă, Nr. 133, Cladirea B, Etaj 1, Romania		
Eurest ROM SRL	Romania	100
7 Gasheka Street, Bld. 1, 123056, Moscow, Russia		
Aurora Rusco OOO	Russia	100
20 Kulakova Street, Bld 1, Premises III, Floor 4, Room 2, Moscow, Russia		
Compass Group Rus OOO	Russia	100
11 Changi South Street 3, Builders Shop Building, #04-02/03, 486122, Singapore		
Compass Group (Singapore) PTE Ltd(iii)(iv)	Singapore	100
8 Marina Boulevard, # 05-02, Marina Bay Financial Centre, 018981, Singapore		
Compass Group Asia Pacific PTE. Ltd(ii)	Singapore	100
Karadžičova 2, Staré mesto, 811 09 Bratislava, Slovakia		
Compass Group Slovakia s. r. o.	Slovakia	100
Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain		
Asistentes Escolares, S.L.	Spain	100
Eurest Catalunya, S.L.U.	Spain	100
Medirest Social Residencias, S.L.U.	Spain	100
Calle Castilla 8-10 – C.P. 50.009, Zaragoza, Spain		
Servicios Renovados de Alimentacion, S.A.U.	Spain	100
Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain		
Eurest Servicios Feriales, S.L.U.	Spain	100
Eurest Parques, S.L.U.	Spain	100
Poligono Ugaldeguren 1, Parcela 7, 48160 Derio (Vizcaya), Spain		
Eurest Euskadi S.L.U.	Spain	100
Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain		
Compass Group Holdings Spain, S.L.U.	Spain	100
Levy Compass Group Holdings, S.L.(ii)	Spain	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Box 30170, 104 25, Stockholm, Sweden		
Compass Group AB	Sweden	100
c/o BDO AG, Industriestrasse 53 6312 Steinhausen, Switzerland		
Creative New Food Dream Steam GmbH	Switzerland	100
Oberfeldstrasse 14, 8302, Kloten, Switzerland		
Eurest Services (Switzerland) AG	Switzerland	100
Royal Business Restaurants GmbH	Switzerland	100
c/o Ueltschi Solutions GmbH, Gwattstrasse 8, CH-3185 Schmitten, Switzerland		
Sevita Group GmbH	Switzerland	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/73 Üsküdar Istanbul, Turkey		
Euroserve Gűvenlik A.Ş.	Turkey	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/78 Üsküdar Istanbul, Turkey		
Euroserve Hizmet ve işletmecilik A.Ş.	Turkey	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/74 Üsküdar Istanbul, Turkey		
Turkaş Gıda Hizmet ve İşletmecilik A.Ş.	Turkey	100
Dubai Airport Free Zone, Dubai, United Arab Emirates		
Compass Camea FZE	UAE	100
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom		
14Forty Limited(ii)	UK	100
3 Gates Services Limited(ii)	UK	100
A.C.M.S. Limited(ii)	UK	100
Bateman Catering Limited(ii)(vii)	UK	100
Bateman Healthcare Services Limited(ii)	UK	100
Baxter and Platts Limited(iii)(iv)(v)	UK	100
Bromwich Catering Limited(ii)	UK	100
Business Clean Limited(ii)	UK	100
Capitol Catering Management Services Limited	UK	100
Carlton Catering Partnership Limited(ii)(iii)	UK	100
Castle Independent Limited	UK	100
Cataforce Limited(ii)	UK	100
Caterexchange Limited(ii)	UK	100
Caterskill Group Limited(ii)	UK	100
Caterskill Management Limited(ii)	UK	100
Chalk Catering Ltd(ii)	UK	100
Chartwells Hounslow (Feeding Futures) Limited(iii)(iv)	UK	100
Chartwells Limited(ii)	UK	100
Circadia Limited(ii)	UK	100
Cleaning Support Services Limited(ii)	UK	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Compass Accounting Services Limited[ii]	UK	100
Compass Catering Services Limited[ii]	UK	100
Compass Cleaning Services Limited[ii]	UK	100
Compass Contract Services Limited[ii]	UK	100
Compass Contracts UK Limited[ii,viii]	UK	100
Compass Experience Limited[ii,vii]	UK	100
Compass Food Services Limited	UK	100
Compass Group Medical Benefits Limited[ii]	UK	100
Compass Mobile Catering Limited[ii]	UK	100
Compass Office Cleaning Services Limited[ii]	UK	100
Compass Payroll Services Limited[ii]	UK	100
Compass Planning and Design Limited[ii]	UK	100
Compass Purchasing Limited	UK	100
Compass Restaurant Properties Limited[ii,vii]	UK	100
Compass Road Services Limited[ii]	UK	100
Compass Security Limited[ii,vii]	UK	100
Compass Security Oldco Group Limited[ii]	UK	100
Compass Security Oldco Holdings Limited[ii]	UK	100
Compass Security Oldco Investments Limited[ii]	UK	100
Compass Services (Midlands) Limited[ii]	UK	100
Compass Services for Hospitals Limited[ii,viii]	UK	100
Compass Services Group Limited[ii]	UK	100
Compass Services Limited[ii]	UK	100
Compass Services Trading Limited[ii]	UK	100
Compass Services, UK and Ireland Limited	UK	100
Compass Services (U.K.) Limited	UK	100
Compass Staff Services Limited[ii]	UK	100
Cookie Jar Limited[ii]	UK	100
CRBS Resourcing Limited[ii]	UK	100
CRN 1990 (Four) Limited[ii]	UK	100
Customised Contract Catering Limited[ii]	UK	100
Cygnet Food Holdings Limited[ii]	UK	100
Cygnet Foods Limited	UK	100
Dine Contract Catering Limited	UK	100
DRE Developments Limited[ii]	UK	100
Eat Dot Limited[ii,iii]	UK	100
Eaton Catering Limited[ii]	UK	100
Eaton Wine Bars Limited[ii]	UK	100
Eurest Airport Services Limited[ii]	UK	100
Eurest Defence Support Services Limited[ii]	UK	100
Eurest Offshore Support Services Limited[ii,viii]	UK	100
Eurest Prison Support Services Limited[ii]	UK	100
Eurest UK Limited[ii]	UK	100
Everson Hewett Limited[iii,iv]	UK	100
Facilities Management Catering Limited[ii]	UK	100
Fads Catering Limited[ii]	UK	100
Fairfield Catering Company Limited[ii]	UK	100
Fingerprint Managed Services Limited[ii]	UK	100
Funpark Caterers Limited[ii,iii]	UK	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Goodfellows Catering Management Services Limited	UK	100
Gruppo Events Limited[ii]	UK	100
Hallmark Catering Management Limited[ii]	UK	100
Hamard Catering Management Services Limited[ii,vii]	UK	100
Hamard Group Limited[ii]	UK	100
Henry Higgins Limited[ii]	UK	100
Hospital Hygiene Services Limited[ii]	UK	100
ICM Five Star Limited[ii]	UK	100
Integrated Cleaning Management Limited	UK	100
Integrated Cleaning Management Support Services Limited	UK	100
Keith Prowse Limited[ii]	UK	100
Kennedy Brookes Finance Limited[ii]	UK	100
Knott Hotels Company of London[ii]	UK	100
Langston Scott Limited[ii]	UK	100
Leisure Support Services Limited[iii,iv]	UK	100
Leith's Limited[ii]	UK	100
Letheby & Christopher Limited	UK	100
Meal Service Company Limited[ii]	UK	100
Milburns Catering Contracts Limited[ii]	UK	100
Milburns Limited[ii]	UK	100
Milburns Restaurants Limited[ii,iii]	UK	100
National Leisure Catering Limited[ii]	UK	100
NLC (Holdings) Limited[ii]	UK	100
NLC (Wembley) Limited[ii]	UK	100
P & C Morris (Catering) Ltd[ii,vii]	UK	100
P & C Morris Catering Group Limited[ii]	UK	100
Payne & Gunter Limited	UK	100
PDM Training and Compliance Services Limited[ii]	UK	100
Pennine Services Limited[ii]	UK	100
Peter Parfitt Leisure Overseas Travel Limited	UK	100
Peter Parfitt Sport Limited[ii,vii]	UK	100
PPP Infrastructure Management Limited	UK	100
Prideoak Limited[ii]	UK	100
QCL Limited[ii]	UK	100
Reliable Refreshments Limited	UK	100
Rhine Four Limited[ii,vii]	UK	100
Roux Fine Dining Limited[ii]	UK	100
Scolarest Limited	UK	100
Security Office Cleaners Limited[ii]	UK	100
Selkirk House (CVH) Limited[ii]	UK	100
Selkirk House (FP) Limited[ii,iii,iv,v]	UK	100
Selkirk House (GHPL) Limited[ii,viii]	UK	100
Selkirk House (GTP) Limited[ii]	UK	100
Selkirk House (WBRK) Limited	UK	100
Shaw Catering Company Limited	UK	100
Ski Class Limited[ii]	UK	100
Solutions on Systems Ltd[ii]	UK	100
Summit Catering Limited	UK	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Sunway Contract Services Limited	UK	100
Sutcliffe Catering Midlands Limited[ii]	UK	100
Sutcliffe Catering South East Limited[ii]	UK	100
Sycamore Newco Limited[ii]	UK	100
The Bateman Catering Organization Limited[ii][viii]	UK	100
The Cuisine Centre Limited[ii]	UK	100
THF Oil Limited[ii]	UK	100
Tunco (1999) 103 Limited[ii]	UK	100
Vendepac Holdings Limited[viii]	UK	100
Waseley Fifteen Limited[ii]	UK	100
Waseley Nominees Limited[ii]	UK	100
Wembley Sports Arena Limited[ii]	UK	100
Wheeler's Restaurants Limited[ii][vii]	UK	100
Woodin & Johns Limited	UK	100

Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom

Audrey (London) Limited[ii]	UK	100
Audrey Investments Limited[ii]	UK	100
Bateman Services Limited[ii]	UK	100
Compass Group Finance No.2 Limited[i]	UK	100
Compass Group Finance No.3 Limited	UK	100
Compass Group Finance No.4 Limited[i][iii][iv][viii]	UK	100
Compass Group Finance No.5 Limited[ii][xi]	UK	100
Compass Group North America Investments No.2	UK	100
Compass Group North America Investments Limited	UK	100
Compass Group Pension Trustee Company Limited[ii]	UK	100
Compass Group Procurement Limited	UK	100
Compass Group Trustees Limited[ii]	UK	100
Compass Healthcare Group Limited[ii][viii]	UK	100
Compass Hospitality Group Holdings Limited[ii]	UK	100
Compass Hospitality Group Limited[ii]	UK	100
Compass Hotels Chertsey[iii]	UK	100
Compass Nominee Company Number Fourteen Limited[ii]	UK	100
Compass Overseas Holdings Limited	UK	100
Compass Overseas Holdings No.2 Limited	UK	100
Compass Overseas Services Limited[ii]	UK	100
Compass Pension Trustees Limited[ii]	UK	100
Compass Quest Limited[ii]	UK	100
Compass Secretaries Limited[ii]	UK	100
Compass Site Services Limited[ii][vii]	UK	100
Compass UK Pension Trustee Co Limited[ii]	UK	100
Crisp Trustees Limited[ii]	UK	100
Gogmore[ii]	UK	100
Meritglen Limited[ii][vii][viii]	UK	100
New Famous Foods Limited[ii]	UK	100
Nextonline Limited[iii][iv]	UK	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Riversdell[ii]	UK	100
Sevita (UK) Limited	UK	100
The Compass Group Foundation	UK	100
The Excelsior Insurance Company Limited	UK	100

Suite D, Pavilion 7 Kingshill Park, Venture Drive, Arnhill Business Park, Westhill, Aberdeenshire, AB32 6FL, United Kingdom

CCG (UK) Ltd[ii]	UK	100
Coffee Partners Limited[ii]	UK	100
Compass Offshore Catering Limited[ii][viii]	UK	100
Compass Scottish Site Services Limited[ii]	UK	100
Waseley (CVI) Limited[ii]	UK	100
Waseley (CVS) Limited[ii]	UK	100

Wework, 119 Marylebone Road North West House, London, NW1 5PU, United Kingdom

Feedr Limited	UK	100

1st Floor, 12 Cromac Quay, Cromac Wood, Belfast, Northern Ireland, BT7 2JD, United Kingdom

Lough Erne Holiday Village Limited[ii]	UK	100

8040 Excelsior Drive, Suite 400, Madison, WI 53717, USA

Ace Foods, Inc.	USA	100

2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, USA

Bon Appétit Management Company Foundation	USA	100
CulinArt of California, Inc.	USA	100

211 E. 7th Street, Suite 620, Austin, TX 78701-3218, USA

Bamco Restaurants of Texas LLC	USA	100
Levy Premium Foodservice, L.L.C.[ii]	USA	100
Levy Texas Beverages, LLC	USA	100
Morrison's Health Care of Texas, Inc.	USA	100
University Food Services, Inc.	USA	100

2345 Rice Street, Suite 230, Roseville, MN 55113, USA

Canteen One Company, Inc.	USA	100
Canteen One Consolidation Services, LLC	USA	100
Canteen One, LLC	USA	100
Street Eats Limited	USA	100
Visinity, LLC	USA	100

84 State Street, Boston, MA 02109, USA

Fame Food Management Inc.	USA	100
The Food Management Enterprise Corporation	USA	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
251 Little Falls Drive, Wilmington, DE 19808, USA		
BenchWorks, Inc.	USA	100
Canteen One, Inc.	USA	100
CLS Par, LLC	USA	100
Compass LATAM Corp.	USA	100
Compass LCS, LLC	USA	100
Compass LV, LLC	USA	100
Compass Paramount, LLC	USA	100
Community Living Holdings, LLC	USA	100
Concierge Consulting Services, LLC	USA	100
Convenience Foods International, Inc.	USA	100
Crothall Healthcare Inc.	USA	100
Coreworks, LLC	USA	100
Eat Cloud LLC	USA	100
Eurest Services, Inc.	USA	100
Facilities Holdings, LLC	USA	100
Flik One, LLC	USA	100
Levy Oklahoma, Inc.	USA	100
Levy Prom Golf, LLC	USA	100
Morrison Investment Company, Inc.	USA	100
RAC Holdings Corp.(iii)	USA	100
Rank + Rally, LLC	USA	100
S-82 LLC	USA	100
SpenDifference LLC	USA	100
Touchpoint Support Services, LLC	USA	100
Unidine Corporation	USA	100
Unidine Lifestyles, LLC	USA	100
Unidine Nevada, LLC	USA	100
University Food Services, LLC	USA	100
Vendlink, LLC	USA	100
Yorkmont Four, Inc.	USA	100
801 Adlai Stevenson Drive, Springfield, IL 62703, USA		
Curiology, LLC	USA	100
E15, LLC	USA	100
Levy (Events) Limited Partnership	USA	100
Levy (IP) Limited Partnership	USA	100
Levy Food Service Limited Partnership	USA	100
Levy GP Corporation	USA	100
Levy Holdings GP, Inc.	USA	100
Levy Illinois Limited Partnership	USA	100
Levy Premium Foodservice Limited Partnership	USA	100
Levy R & H Limited Partnership	USA	100
Levy World Limited Partnership	USA	100
Professional Sports Catering, LLC	USA	100
Restaurant One Limited Partnership	USA	100
Superior Limited Partnership	USA	100

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
4000 Faber Place Drive STE. 300, North Charleston, SC 29405, USA		
CGSC Capital, Inc.	USA	100
501 Louisiana Avenue, Baton Rouge, LA 70802-5921, USA		
Coastal Food Service, Inc.	USA	100
S.H.R.M. Catering Services, Inc.	USA	100
80 State Street, Albany, NY 12207-2543, USA		
Coffee Distributing Corp.	USA	100
CulinArt Group, Inc.	USA	100
CulinArt, Inc.	USA	100
Mazzone Hospitality, LLC	USA	100
Quality Food Management, Inc.	USA	100
RA Tennis Corp.	USA	100
RANYST, Inc.	USA	100
Restaurant Associates LLC	USA	100
Restaurant Associates, Inc.	USA	100
Restaurant Services Inc.	USA	100
2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608, USA		
Compass 2K12 Services, LLC	USA	100
Compass HE Services, LLC	USA	100
Compass One, LLC	USA	100
Compass Two, LLC	USA	100
2595 Interstate Drive, Suite 103, Harrisburg, PA 17110, USA		
Crothall Facilities Management, Inc.	USA	100
Custom Management Corporation of Pennsylvania	USA	100
Morrison's Custom Management Corporation of Pennsylvania	USA	100
Newport Food Service, Inc.	USA	100
Williamson Hospitality Services, Inc.	USA	100
50 West Broad Street, Suite 1330, Columbus, OH 43215, USA		
Cuyahoga Dining Services, Inc.	USA	100
40 Technology Pkwy South, #300, Norcross, GA 30092, USA		
Food Services Management By Mgr, LLC	USA	100
Morrison Alumni Association, Inc.	USA	100
The M-Power Foundation, Inc.	USA	100
221 Bolivar Street, Jefferson City, MO 65101, USA		
Dynamic Vending, Inc.	USA	100

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER WHOLLY OWNED SUBSIDIARIES	Country of incorporation	% Holding
Princeton South Corporate Ctr, Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628, USA		
Gourmet Dining, LLC	USA	100
300 Deschutes Way SW, Suite 304, Tumwater, WA 98501, USA		
Inter Pacific Management, Inc.	USA	100
2900 SW Wanamaker Drive, Suite 204, Topeka, KS 66614, USA		
Levy Kansas, LLC	USA	100
Myron Green Corporation	USA	100
PFM Kansas, Inc.	USA	100
Treat America Limited	USA	100
8825 N. 23rd Avenue, Suite 100, Phoenix, AZ 85021, USA		
Prodine, Inc.	USA	100
Sacco Dining Services, Inc.	USA	100
2908 Poston Avenue, Nashville, TN 37203, USA		
Southeast Service Corporation	USA	100
1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, USA		
Statewide Services, Inc.	USA	100
1709 North 19th Street, Suite 3, Bismarck, ND 58501-2121, USA		
Compass ND, LLC	USA	100

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	Country of incorporation or establishment	% Holding
Level 3, 12 Newcastle Street, Perth 6000, Australia		
ESS Thalanyji PTY Ltd	Australia	60
ESS Larrakia PTY Ltd	Australia	50
30, 205 N. Narimanov avenue, Baku, AZ1065, Azerbaijan		
ESS Support Services LLC	Azerbaijan	50
1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada		
Chef's Hall; Inc.(iii)	Canada	67
Compass Group Sports and Entertainment – (Quebec)(x)	Canada	67
ECC – ESS Support Services(x)	Canada	50
2265668 Ontario Limited(iii)(iv)(v)(vi)(viii)	Canada	49
Amik Catering LP(x)	Canada	49
Dease River – ESS Support Services(x)	Canada	49
Dene West Limited Partnership(x)	Canada	49
ESS – Mi'kmaq Support Services(x)	Canada	49
ESS – East Arm Camp Services(x)	Canada	49
ESS – Kaatodh Camp Services(x)	Canada	49
ESS – Loon River Support Services(x)	Canada	49
ESS – Missanabie Cree Support Services(x)	Canada	49
ESS – Na Cho Nyak Dun Camp Services(x)	Canada	49
ESS – N'deh Support Services(x)	Canada	49
ESS – Ochapowace Support Services(x)	Canada	49
ESS – Pessamit Camp Services(x)	Canada	49
ESS – Wapan Manawan Services de Soutien(x)	Canada	49
ESS-CreeQuest Support Services	Canada	49
ESS-White River Support Services	Canada	49
ESS Haisla Support Services(x)	Canada	49
ESS HLFN Support Services(x)	Canada	49
ESS KNRA Support Services(x)	Canada	49
ESS Komatik Support Services(x)	Canada	49
ESS Liard First Nation Support Services(x)	Canada	49
ESS McKenzie Support Services(x)	Canada	49
ESS Okanagan Indian Band Support Services(x)	Canada	49
ESS Tataskweyak Camp Services(x)	Canada	49
ESS/Bushmaster Camp Services(x)	Canada	49
ESS/Fort a la Corne Support Services(x)	Canada	49
ESS/McLeod Lake Indian Band Support Services(x)	Canada	49
ESS/Mosakahiken Cree Nation Support Services(x)	Canada	49
ESS/Nuvumiut Support Services(x)	Canada	49
ESS/Takla Lake Support Services(x)	Canada	49
ESS/WEDC Support Services(x)	Canada	49
First North Catering(x)	Canada	49
KDM – ESS Support Services(x)	Canada	49
Metis Infinity – ESS Support Services	Canada	49
Mi'kma'ki Domiculture	Canada	49
Mi'Kmaq-ECC Nova Scotia Support Services(x)	Canada	49
Nisga'a Village – ESS Support Services(x)	Canada	49
Poplar Point Camp Services(x)	Canada	49
Songhees Nation Support Services(x)	Canada	49
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
Labrador Catering Inc.(iii)	Canada	49
Labrador Catering LP(x)	Canada	49
Clearwater River Dene Nation Reserve No. 222, P.O. Box 5050, Clearwater, Saskatchewan, S0M 3H0, Canada		
Clearwater Catering Limited(iii)(iv)(v)(vi)	Canada	49
130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3, Canada		
Umbrel Hospitality Group Inc.(iii)	Canada	49

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	Country of incorporation or establishment	% Holding
77 King Street West, No. 400, Toronto, Ontario, M5K 0A1, Canada		
O&B Yonge Richmond LP*	Canada	33.4
FO-110, Torshavn, Faroe Islands		
P/F Eurest Føroyar	Denmark	51
Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland		
Semma Oy	Finland	45
Ruukinkatu 2-4 20540 Turku, Finland		
Unica Oy	Finland	49
123 Avenue de la République – Hall A, 92320 Châtillon, France		
Sopregim SAS	France	80
Le Puy Du Fou, 85590 Les Epesses, France		
Puy Du Fou Restauration SAS	France	99.8
Steenbeker Weg 25, 24106, Kiel, Germany		
Lubinus – orgaMed Sterilgut GmbH	Germany	49
HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India		
Bottle Lab Technologies Private Limited	India	79.55
No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru. Karnataka, 560071, India		
Nextup Technologies Private Limited	India	79.55
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan		
Chiyoda Kyushoku Services Co., Ltd	Japan	90
5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan		
Seiyo General Food Co., Ltd	Japan	50
1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan		
Highway Royal Co., Ltd.	Japan	50
060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan		
Eurest Support Services Company B LLP	Kazakhstan	50
060011, Old Airport Road 64, Atyrau City, Atyrau Oblast, Republic of Kazakhstan		
ESS Kazakhstan LLP	Kazakhstan	60

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	Country of incorporation or establishment	% Holding
39 Boulevard Joseph, II L-1840, Luxembourg		
Geria SA	Luxembourg	25
Level 18 The Gardena North Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, 59200, Malaysia		
EM-SSIS Services Sdn. Bhd.(ii)	Malaysia	42
Suite 1301, 13th Floor, City Plaza Jalan Tebrau, 80300 Johor Bahru Johor, Malaysia		
Knusford Compass Sdn. Bhd.	Malaysia	49
1 Avenue Henri Dunant, Palais De La Scala, 3eme, Etage – No 1125, 98000 MC, Monaco		
Eurest Monaco S.A.	Monaco	99.99
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
Compass Group International Finance C.V.(x)	Netherlands	100
Okesnoyveien 16, 1366, Lysaker, 1366, Norway		
FORPLEININGSTJENESTER AS	Norway	33.33
Harbitzalléen 2A, 0275 Oslo, PÅ Box 4148, Sjølyst, 0217 Oslo, Norway		
Gress-Gruppen AS	Norway	33.33
c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea		
Eurest OKAS Catering Ltd(ii)	Papua New Guinea	55
Eurest Lotic (PNG) JV Ltd(ii)	Papua New Guinea	50
2 Floor, Al Mana Commercial Tower, C-Ring road, Doha, PO BOX 22481, Qatar		
Compass Catering Services WLL	Qatar	20
PO Box 31952, Al Khobar 31685 KSA, Saudi Arabia		
Compass Arabia LLC	Saudi Arabia	30
Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain		
Gourmet on Wheels, S.L.U.	Spain	99
Office No. 209, Mawilah, Al Sharjah, P O Box: 1897, United Arab Emirates		
Abu Dhabi National Hotels – Compass LLC	UAE	50
Abu Dhabi National Hotels Company Building, Sheikh Rashid Bin Saeed Al Maktoum Street, Abu Dhabi, United Arab Emirates		
Abu Dhabi National Hotels Compass Middle East LLC	UAE	50

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	Country of incorporation or establishment	% Holding
The Owner Saeed Ahmed Ghobash, Oud Metha, Street Bur Dubai, P.O. BOX 31769 Dubai, United Arab Emirates		
Abu Dhabi National Hotels – Compass Emirates LLC	UAE	50
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom		
Quaglino's Limited	UK	99
30 Finsbury Square, London, EC2A 1AG, United Kingdom		
Quadrant Catering Limited(ii)(iii)(iv)	UK	49
County Ground, Edgbaston, Birmingham, B5 7QU, United Kingdom		
Edgbaston Experience Limited(iii)(iv)	UK	25
The Oval, Kennington, London, SE11 5SS United Kingdom		
Oval Events Holdings Limited(iv)(v)(vi)	UK	37.5
Oval Events Limited(iv)(v)(vi)	UK	37.5
Clere House, 3 Chapel Place, London, EC2A 3DQ, United Kingdom		
KERB Events Limited	UK	50
7 St. Paul Street, Suite 820, Baltimore, MD 21202, USA		
Bon Appétit Maryland, LLC	USA	99
84 State Street, Boston, MA 02109, USA		
Levy Maryland, LLC	USA	74
251 Little Falls Drive, Wilmington, DE 19808, USA		
B & I Catering, LLC	USA	90
CMCA Catering, LLC	USA	90
HHP-MMS JV1, LLC	USA	90
HHP-Partner COL, LLC	USA	90
HHP-Partner, LLC	USA	90
MMS JV Holdings, LLC	USA	90
PCHI Catering, LLC	USA	90
Wolfgang Puck Catering and Events, LLC	USA	90
WPL, LLC	USA	90
Levy LA Concessions, LLC	USA	62.5
A.Anthony, LLC	USA	51
Learfield Levy Foodservice, LLC	USA	50
Restaurant Services I, LLC	USA	50
Parlay Solutions, LLC	USA	50
Thompson Facilities Services LLC	USA	49
Thompson Hospitality Services, LLC	USA	49
WP Casual Catering, LLC	USA	45
Chicago Restaurant Partners, LLC	USA	42

OTHER SUBSIDIARIES, JOINT ARRANGEMENTS, MEMBERSHIPS, ASSOCIATES AND OTHER SIGNIFICANT HOLDINGS	Country of incorporation or establishment	% Holding
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, USA		
C&B Holdings, LLC	USA	90
H&H Catering, L.P.	USA	90
Cosmopolitan Catering, LLC	USA	60
2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608, USA		
Waveguide LLC	USA	57
2215-B Renaissance Drive, Las Vegas, NV 89119, USA		
GLV Restaurant Management Associates, LLC	USA	90
211 E. 7th Street, Suite 620, Austin, TX 78701-3218, USA		
Wolfgang Puck Catering & Events of Texas, LLC	USA	90
980 N. Michigan Ave., Suite 400, Chicago, IL 60611, USA		
Convention Hospitality Partners	USA	80
Atlanta Sports Catering	USA	50
Orlando Foodservice Partners	USA	50
1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, USA		
KIJIK/ESS, LLC	USA	80
Statewide/GanaAYoo JV	USA	50
40 Technology Pkwy South, #300, Norcross, GA 30092, USA		
Eversource LLC	USA	100
80 State Street, Albany, NY 12207-2543, USA		
RA Patina, LLC	USA	50
111 Eighth Avenue New York, NY 10011, USA		
RA Patina Management LLC	USA	50
Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA		
AEG Venue Management Holdings, LLC	USA	38
c/o Union Square Hospitality Group, LLC Attn: Chief Legal Officer, 853 Broadway, 17th Floor, New York, NY 10003, USA		
Hudson Yards Catering, LLC	USA	49
6055 Lakeside Commons Drive, Suite 440, Macon, GA 31210, USA		
Kimco Holdings, LLC(iv)	USA	24

34 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

NOTES
1. Unless otherwise stated, indirectly owned by Compass Group PLC, active status and ordinary shares issued.
2. In some of the jurisdictions where we operate, share classes are not defined and in these instances, for the purposes of disclosure, we have classified these holdings as ordinary.
3. A number of the companies listed are legacy companies which no longer serve any operational purpose.

CLASSIFICATIONS KEY

(i) Directly owned by Compass Group PLC
(ii) Dormant/non-trading
(iii) A Ordinary shares
(iv) B Ordinary shares
(v) C Ordinary and/or Special shares
(vi) D, E and/or F Ordinary shares
(vii) Deferred shares
(viii) Preference including cumulative, non-cumulative and redeemable shares
(ix) Redeemable shares
(x) No share capital, share of profits
(xi) Limited by guarantee

PARENT COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2021

COMPASS GROUP PLC	Notes	2021 £m	2020 £m
FIXED ASSETS			
Investments	2	**1,074**	1,056
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	**7,248**	7,473
Debtors: amounts falling due after more than one year	3	**2,029**	2,312
Cash at bank and in hand		**1,307**	1,186
Current assets		**10,584**	10,971
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: amounts falling due within one year	4	**(4,416)**	(4,479)
Net current assets		**6,168**	6,492
TOTAL ASSETS LESS CURRENT LIABILITIES			
Total assets less current liabilities		**7,242**	7,548
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: amounts falling due after more than one year	4	**(3,161)**	(3,674)
Provisions		**(3)**	(3)
Net assets		**4,078**	3,871
EQUITY			
Share capital	6	**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Share-based payment reserve		**271**	254
Retained earnings		**3,125**	2,935
Total equity		**4,078**	3,871

Approved by the Board of Directors on 23 November 2021 and signed on its behalf by:

Dominic Blakemore, Director

Palmer Brown, Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

EQUITY	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Share-based payment reserve £m	Retained earnings £m	Total £m
At 1 October 2019	176	182	295	–	259	1,252	2,164
Fair value of share-based payments	–	–	–	–	(2)	–	(2)
Dividends paid to shareholders	–	–	–	–	–	(427)	(427)
Release of share awards settled in existing shares purchased in the market	–	–	–	–	(3)	–	(3)
Profit for the financial year	–	–	–	–	–	167	167
Shares issued, net of expenses	22	7	–	1,943	–	–	1,972
Transfer of merger reserve to retained earnings	–	–	–	(1,943)	–	1,943	–
At 30 September 2020	198	189	295	–	254	2,935	3,871
Fair value of share-based payments	–	–	–	–	**20**	–	**20**
Release of share awards settled in existing shares purchased in the market	–	–	–	–	**(3)**	–	**(3)**
Profit for the financial year	–	–	–	–	–	**190**	**190**
At 30 September 2021	**198**	**189**	**295**	–	**271**	**3,125**	**4,078**

INTRODUCTION

The significant accounting policies adopted in the preparation of the separate financial statements of Compass Group PLC (the Company) are set out below:

A ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements are prepared in accordance with the historical cost convention, except as described in the accounting policy on financial instruments, Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), and in accordance with applicable United Kingdom laws. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 (CA 2006) and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These financial statements thus present information about the Company as an individual undertaking not as a Group undertaking.

These financial statements have been prepared on a going concern basis. This is discussed in section A of the Group accounting policies on page 201.

B FRS 101 EXEMPTIONS

The Company's financial statements are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2021. As permitted by section 408 of the CA 2006, the Company has not presented its own profit and loss account.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes
- transactions with wholly owned subsidiaries
- capital management
- as required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures'
- the effect of new but not yet effective IFRSs
- disclosures in respect of compensation of key management personnel
- IFRS 2 'Share-based Payment' in respect of Group settled share-based payments

C CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies during the year.

D INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments are not less than shown at the balance sheet date.

Investment income is measured at the fair value of the consideration received or receivable. It represents dividend income which is recognised when the right to receive payment is established.

E FOREIGN CURRENCY

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the income statement for the period.

F FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument and derecognised when it ceases to be party to such provisions. Financial assets are classified as current if they are expected to be received within 12 months of the balance sheet date. Financial liabilities are classified as current if they are legally due to be paid within 12 months of the balance sheet date.

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the carrying amounts are reduced by a provision equal to the lifetime expected credit losses using historic and forward looking data on credit risk.

The Company classifies its financial assets and liabilities into the following categories:

- financial assets and liabilities at amortised cost
- financial assets and liabilities at fair value through profit and loss

Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the Company does not apply the fair value option.

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

Amounts owed by subsidiary undertakings are initially measured at fair value and are subsequently reported at amortised cost. Provisions on intra-group receivables are calculated at an amount equal to lifetime expected credit losses using historic and forward looking data on credit risk.

Amounts owed to subsidiary undertakings are initially measured at fair value and are subsequently reported at amortised cost.

Non-interest bearing payables are stated at their nominal value as they are due on demand.

G DIVIDENDS

Dividends are recognised in the Company's financial statements in the year in which they are approved in a general meeting by the Company's shareholders. Interim dividends are recognised when paid.

H DEFERRED TAX

Deferred tax is provided at the anticipated rates on temporary differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

I SHARE-BASED PAYMENTS

The Company issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in subsidiary undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge, see note 24 to the consolidated financial statements.

J FINANCIAL GUARANTEES AND LOAN COMMITMENTS

Financial guarantee contract liabilities are measured initially at their fair values. These liabilities are subsequently measured at the higher of the expected credit loss determined under IFRS 9 'Financial Instruments' and the initial fair value.

1 INCOME STATEMENT DISCLOSURES

The Company's profit on ordinary activities after tax was £190 million (2020: £167 million).

The Company had no direct employees in the course of the year (2020: none).

AUDIT SERVICES	2021 £m	2020 £m
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**1.4**	1.2
Fees payable for other services	**0.1**	0.1

2 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	2021 £m	2020 £m
COST		
At 1 October	**1,057**	1,062
Share-based payments to employees of subsidiaries	**20**	(2)
Recharged to subsidiaries during the year	**(2)**	(3)
At 30 September	**1,075**	1,057
PROVISIONS		
At 1 October and 30 September	**(1)**	(1)
NET BOOK VALUE		
At 30 September	**1,074**	1,056

The principal subsidiary undertakings are listed in note 34 to the consolidated financial statements.

3 DEBTORS

	2021			2020		
DEBTORS	Falling due within 1 year £m	Falling due after more than 1 year £m	Total £m	Falling due within 1 year £m	Falling due after more than 1 year £m	Total £m
Amounts owed by subsidiary undertakings	**7,246**	**1,913**	**9,159**	7,468	2,075	9,543
Derivative financial instruments	**2**	**116**	**118**	4	237	241
Deferred tax	–	–	–	1	–	1
Total	**7,248**	**2,029**	**9,277**	7,473	2,312	9,785

Amounts owed by subsidiary undertakings may be interest free or interest bearing loans. Interest free loans are repayable on demand and classified as current. Interest bearing loans incur interest at fixed rates (between 3.00% and 7.25%) or various floating rates with margins ranging from -0.05% to +1.50% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to May 2031.

The book value of amounts owed by subsidiary undertakings falling due within one year approximates to their fair value due to the short term nature of these receivables. The fair value of amounts owed by subsidiary undertakings falling due after more than one year is £2,092 million (2020: £2,120 million).

MOVEMENT IN DEFERRED TAX ASSET	2021 Net short term temporary differences £m	2020 Net short term temporary differences £m
At 1 October	**1**	1
Charge to income statement	**(1)**	–
At 30 September	–	1

The deferred tax asset arises on certain derivative financial instruments.

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 CREDITORS

CREDITORS	2021 Falling due within 1 year £m	2021 Falling due after more than 1 year £m	2021 Total £m	2020 Falling due within 1 year £m	2020 Falling due after more than 1 year £m	2020 Total £m
Bank overdrafts (note 5)	**249**	**–**	**249**	359	–	359
Loan notes	**295**	**811**	**1,106**	–	1,172	1,172
Bonds	**–**	**1,241**	**1,241**	–	1,300	1,300
Loan notes and bonds (note 5)	**295**	**2,052**	**2,347**	–	2,472	2,472
Derivative financial instruments	**9**	**7**	**16**	9	2	11
Accruals	**34**	**–**	**34**	32	–	32
Current tax	**54**	**–**	**54**	47	–	47
Amounts owed to subsidiary undertakings (note 5)	**3,775**	**1,102**	**4,877**	4,032	1,200	5,232
Total	**4,416**	**3,161**	**7,577**	4,479	3,674	8,153

Amounts owed to subsidiary undertakings may be interest free or interest bearing loans. Interest free loans are repayable on demand and classified as current. Interest bearing loans incur interest at fixed rates (between 0.725% and 1.60%) or various floating rates with margins ranging from -0.15% to +0.85% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to September 2048.

The book value of amounts owed to subsidiary undertakings falling due within one year approximates to their fair value due to the short term nature of these payables. The fair value of amounts owed to subsidiary undertakings falling due after more than one year is shown below.

AMOUNTS OWED TO SUBSIDIARY UNDERTAKINGS FALLING DUE AFTER MORE THAN 1 YEAR	Nominal value	Redeemable	Interest	2021 Carrying value £m	2021 Fair value £m	2020 Carrying value £m	2020 Fair value £m
Euro intra-group loan	€750m	Jul 2024	0.73%	**659**	**658**	706	697
Euro intra-group loan	€500m	Sep 2028	1.60%	**443**	**459**	494	499
Total				**1,102**	**1,117**	1,200	1,196

LOAN NOTES	Nominal value	Redeemable	Interest	2021 Carrying value £m	2020 Carrying value £m
US$ private placement	$398m	Oct 2021	3.98%	**295**	308
US$ private placement	$352m	Oct 2023	4.12%	**274**	294
US$ private placement	$100m	Dec 2024	3.54%	**74**	77
US$ private placement	$300m	Sep 2025	3.81%	**242**	262
US$ private placement	$300m	Dec 2026	3.64%	**221**	231
Total				**1,106**	1,172

The Company has fixed term, fixed interest private placements denominated in US dollars.

4 CREDITORS CONTINUED

BONDS	Nominal value	Redeemable	Interest	**2021 Carrying value £m**	2020 Carrying value £m
Euro Eurobond	€500m	Jan 2023	1.88%	**440**	473
Sterling Eurobond	£250m	Sep 2025	2.00%	**252**	261
Sterling Eurobond	£250m	Jun 2026	3.85%	**249**	249
Sterling Eurobond	£300m	Jul 2029	2.00%	**300**	317
Total				**1,241**	1,300

The Company has a £2,000 million committed Revolving Credit Facility (RCF), of which £140 million is committed to August 2024 and £1,860 million is committed to August 2026. As at 30 September 2021, no amounts were drawn under the RCF (2020: nil).

The Company has a US$4 billion commercial paper programme. Commercial paper is issued to meet short term liquidity requirements and is supported by the RCF. As at 30 September 2021, no commercial paper was outstanding under the programme (2020: £nil).

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

5 MATURITY OF FINANCIAL LIABILITIES, OTHER CREDITORS AND DERIVATIVE FINANCIAL INSTRUMENTS

The maturity of financial liabilities, other creditors and derivative financial instruments as at 30 September is as follows:

	2021					2020				
MATURITY	**Bank overdrafts (note 4) £m**	**Loan notes and bonds (note 4) £m**	**Amounts owed to subsidiary undertakings (note 4) £m**	**Other[1] £m**	**Total £m**	Bank overdrafts (note 4) £m	Loan notes and bonds (note 4) £m	Amounts owed to subsidiary undertakings (note 4) £m	Other[1] £m	Total £m
Between 1 and 2 years	–	**440**	–	**(46)**	**394**	–	308	–	2	310
Between 2 and 5 years	–	**1,091**	**659**	**(68)**	**1,682**	–	1,367	706	(180)	1,893
In more than 5 years	–	**521**	**443**	**5**	**969**	–	797	494	(57)	1,234
In more than 1 year	–	**2,052**	**1,102**	**(109)**	**3,045**	–	2,472	1,200	(235)	3,437
Within 1 year, or on demand	**249**	**295**	**3,775**	**7**	**4,326**	359	–	4,032	5	4,396
Total	**249**	**2,347**	**4,877**	**(102)**	**7,371**	359	2,472	5,232	(230)	7,833

1. Other includes the debtor and creditor amounts associated with derivative financial instruments.

6 SHARE CAPITAL

Details of the share capital, share option schemes and share-based payments of Compass Group PLC are shown in notes 23 and 24 to the consolidated financial statements.

7 GUARANTEES AND INDEMNITIES

	2021 £m	2020 £m
Guarantees and indemnities (including subsidiary undertakings' overdrafts)	**398**	430

Details regarding certain contingent guarantees and indemnities which involve the Company are set out in note 28 to the consolidated financial statements.

8 RELATED PARTY TRANSACTIONS

With the exception of transactions between the Company and its wholly owned subsidiaries, there are no material related party transactions in the current or prior year. Under FRS 101, the Company is exempt from the requirement to disclose transactions with wholly owned subsidiaries.

SHAREHOLDER INFORMATION

REGISTRAR

All matters relating to the administration of shareholdings in the Company should be directed to Link Group (the registrar), 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL; email: enquiries@linkgroup.co.uk; telephone within the UK: Freephone 0800 029 4520 and from overseas: +44 333 300 1568.

Shareholders can register online to view their Compass Group PLC shareholding details using the Share Portal, a service offered by the registrar at www.signalshares.com. Shareholders registering for the Share Portal will require their investor code which is shown on share certificates. The service enables shareholders to:

- check their shareholdings in Compass Group PLC 24 hours a day
- gain easy access to a range of shareholder information including indicative valuation and payment instruction details
- appoint a proxy to attend general meetings of Compass Group PLC

ELECTRONIC COMMUNICATIONS

The Company's Annual Report and all other shareholder communications can be found on our website: www.compass-group.com.

We would encourage all shareholders to receive an email notification of when shareholder documents become available online as this helps to reduce our impact on the environment. By electing to receive shareholder communications in this way you will:

- be able to read and/or download the information at your leisure
- help the Company to save money by reducing the number of paper documents we produce and post
- promote more effective communications with shareholders
- support our efforts to be environmentally responsible

You can register to receive email communications at www.signalshares.com.

The provision of a facility to communicate with shareholders electronically does not discriminate between registered shareholders of the same class. The facility is available to all registered shareholders on equal terms and participation is made as simple as possible. Please note that it is the shareholder's responsibility to notify the registrar (through www.signalshares.com, by post or email: enquiries@linkgroup.co.uk) of any change to their email address. Before electing for electronic communication, shareholders should ensure that they have the appropriate computer capabilities. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out but cannot accept any responsibility for loss or damage arising from the opening or use of any email or attachments from the Company, and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication sent by a shareholder to the Company or the registrar containing a computer virus will not be accepted.

The Company's obligation is satisfied when it transmits an electronic message. It cannot be held responsible for a failure in transmission beyond its control. In the event that the Company becomes aware that an electronic transmission is not successful, a paper notification will be sent to the shareholder at their registered address. Shareholders wishing to continue to receive shareholder information in the traditional paper format should confirm this via www.signalshares.com or write to Link Group.

PUBLISHED INFORMATION

If you would like to receive a hard copy of this Annual Report and/or a copy of the Notice of Annual General Meeting in another format such as large print, Braille or an audio version on CD, please contact the Group Company Secretariat at Compass Group PLC, Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ. Our 2021 Annual Report and the Notice of Meeting are available on our website www.compass-group.com.

CASH DIVIDENDS

In April 2020, the Company announced its decision to suspend dividend payments, which was necessary to prioritise protecting the business from the negative impact of the pandemic. As a result, no dividends were paid to shareholders for the financial year ended 30 September 2020 or the half year to 31 March 2021. The Board is conscious of the importance of the ordinary dividend as an income stream for many of our shareholders, and taking into account the improved outlook and financial position of the Company, the directors decided it was appropriate to pay a final dividend of 14.0 per share for the financial year ended 30 September 2021. The decision was based upon the achievement of a net debt to EBITDA ratio of 1.6x by the financial end of the year. From FY22 the dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend. The Board will keep the position under review with a view to ensuring that the current policy remains appropriate and remains in the interests of shareholders, with due regard paid to the interests of the Company's other stakeholders.

We encourage UK resident ordinary shareholders to elect to have their dividends paid directly into their bank or building society account. This is a more secure method of payment and avoids delays or cheques being lost. Most ordinary shareholders resident outside the UK can also have any dividends in excess of £10 paid into their bank account directly via Link Group's international payments service. Details and terms and conditions may be viewed at https://ww2.linkgroup.eu/ips.

SHARE PRICE INFORMATION

The price of the Company's shares is available on the Company's website www.compass-group.com. This is supplied with a 15 minute delay to real time.

SHARE DEALING

The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'.

SHAREGIFT

ShareGift, the charity share donation scheme, is a free service for shareholders wishing to give shares to charitable causes. It is particularly useful for those shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. Further information can be obtained from ShareGift's website www.sharegift.org; telephone within the UK: 020 7930 3737 and from overseas: +44 20 7930 3737; email: help@sharegift.org; or from the registrar.

AMERICAN DEPOSITARY RECEIPTS

Compass Group PLC operates an American Depositary Receipts (ADR) programme under which ADRs are traded on the over-the-counter market under the symbol CMPGY. One ADR represents one ordinary Compass share. BNY Mellon (BNY) maintains the Company's ADR register. If you have any enquiries about your holding of Compass ADRs, you should contact BNY Mellon by regular mail: BNY Mellon, PO Box 505000, Louisville, KY 40233-5000, USA or by overnight or certified registered mail: BNY Mellon, 462 South 4th Street, Suite 1600, Louisville, KY 40202, USA.

Alternatively, you can email Computershare at shrrelations@cpushareownerservices.com. Further information can be found on BNY's website at www.mybnymdr.com using the symbol CMPGY.

UNSOLICITED MAIL

We are legally obliged to make our register of members available to the public, subject to a proper purpose test. As a consequence of this, some shareholders might receive unsolicited mail. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, MPS FREEPOST LON20771, London W1E 0ZT. Shareholders can also register online at: www.mpsonline.org.uk or request an application form by calling from within the UK: 020 7291 3310, or by email: mps@dma.org.uk.

IDENTITY THEFT

Advice on protecting your Compass Group PLC shares:

- keep all Compass correspondence in a safe place, or destroy correspondence by shredding
- when changing address, inform the registrar, Link Asset Services. If a letter from Link Asset Services is received regarding a change of address and you have not moved, contact the registrar immediately
- consider having your dividends paid directly into your bank or building society account. This will reduce the risk of the cheque being intercepted or lost in the post. You can complete a Request for Payment of Interest or Dividends form which is available from and should be returned to the registrar. Alternatively, register online at www.signalshares.com using the Share Portal service. If you require further information please contact the registrar
- on changing your bank or building society account, inform the registrar of the details of the new account and respond to any letters Link Asset Services send you about this
- when buying or selling shares, deal only with brokers registered in your country of residence or the UK

WARNING ABOUT SHARE FRAUD

Investment scams are often sophisticated and difficult to spot. Fraudsters use persuasive and high pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

Whilst high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

HOW TO PROTECT YOURSELF FROM SHARE FRAUD

- Financial Conduct Authority (FCA) authorised firms are unlikely to contact you out of the blue with an offer to buy or sell shares
- you should only deal with financial services firms that are authorised by the FCA, and check the Register at https://register.fca.org.uk to ensure that they are. You can also check the FCA's Warning List of firms to avoid at https://www.fca.org.uk/scamsmart/warning-list
- you should check the firm isn't a clone firm by asking for their firm reference number (FRN) and contact details and then calling them back on the switchboard number on the FCA's Register – never use a link in an email or website from the firm offering you an investment
- if you use an unauthorised firm, you won't have access to the Financial Ombudsman Service (https://www.financial-ombudsman.org.uk) or Financial Services Compensation Scheme (https://www.fscs.org.uk) if things go wrong – and you are unlikely to get your money back
- always be wary if you are contacted out of the blue, pressured to invest quickly or promised returns that sound too good to be true. Generally, the higher the return promised, the more likely it's a high risk investment or a scam
- you should seriously consider seeking financial advice or guidance before investing. You should make sure that any firm you deal with is regulated by the FCA and never take investment advice from the company that contacted you, as this may be part of the scam

REPORT A SCAM

You can report a firm or scam by contacting the FCA's Consumer Helpline on 0800 111 6768 or using the FCA's reporting form at www.fca.org.uk/scamsmart. If you have already invested in a scam, fraudsters are likely to target you again or sell your details to other criminals. The follow up scam may be completely separate or related to the previous fraud, such as an offer to get your money back or to buy back the investment after you pay a fee. If you have any concerns at all about a potential scam, contact the FCA immediately.

FORWARD LOOKING STATEMENTS

Certain information included in this Annual Report and Accounts is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements. Forward looking statements cover all matters which are not historical facts and include, without limitation; the direct and indirect impacts and implications of public health crises such as the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects, including disruptions and inefficiencies in the supply chain; UK domestic and global political, economic and business conditions (such as the UK's exit from the EU); projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments; risks associated with changes in economic conditions, the strength of the food and support services markets in the jurisdictions in which the Group operates; fluctuations in food and other product costs and labour costs; and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements when making their investment decisions. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation or warranty that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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Pureprint Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

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The images in the Annual Report and Accounts are representative of the services provided by Compass Group PLC and its subsidiaries and partners. Some of the photography used in the Report has been taken prior to the COVID-19 pandemic.

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