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

Visit our website for related information: www.compass-group.com

Our 2022 Sustainability Report will be available online in January 2023.
COMPASS PROVIDES DELICIOUS AND NUTRITIOUS MEALS TO MILLIONS OF PEOPLE IN AROUND 40 COUNTRIES.

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

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

We are focused on food and targeted support services

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

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

Our global reach

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Underlying Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business &amp; Industry</td>
<td>33%</td>
</tr>
<tr>
<td>Healthcare &amp; Senior Living</td>
<td>26%</td>
</tr>
<tr>
<td>Education</td>
<td>19%</td>
</tr>
<tr>
<td>Sports &amp; Leisure</td>
<td>14%</td>
</tr>
<tr>
<td>Defence, Offshore &amp; Remote</td>
<td>8%</td>
</tr>
</tbody>
</table>

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

**Enabled by our competitive advantages**

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

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

**Our sectors & portfolio of brands**
Our sectorised approach is a key differentiator. We create bespoke culinary solutions using our extensive knowledge of our clients’ requirements. We also provide facilities solutions where needed.

**Decentralised structure**
Supported by our Management and Performance (MAP) framework
MAP is a crucial element of our success: a simple framework embedded in our culture that standardises processes and increases efficiency.

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

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

**Creating value for all stakeholders**

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

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

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

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

**Underlying revenue**
£25,771m
2021: £18,136m

**Our people**
500,000+
people we engage and employ around the world

**Our suppliers**
£1.7bn
globally purchased from local and diverse suppliers

**Our communities**
1.3m
meals donated to local communities across some of our largest markets

**Our environment**
40+ countries
participated in Stop Food Waste Day 2022

**Reduced global food safety incidents**
42%
since 2018
Dear Shareholder

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

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

Financial results

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

Dividends

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

Share buyback

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

Strategy

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

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

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

Corporate responsibility and sustainability

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

Governance and the Board

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

Summary and outlook

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

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

IAN MEAKINS
Chair of the Board
21 November 2022

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

ADDRESSABLE GLOBAL FOOD SERVICES MARKET AT LEAST £220BN

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

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

WHY OUTSOURCING IS GROWING

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

Digital is driving growth

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

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

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

Sustainability as a competitive advantage

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

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

INCREASED OPPORTUNITY IN FIRST-TIME OUTSOURCING

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

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

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

NEW BUSINESS WINS IN LAST 12 MONTHS

£2.5bn

NEW CONTRACT WINS FROM FIRST-TIME OUTSOURCING

c.45%

Drivers for outsourcing

Supply chain management

Encouraging employees back to the office

Transfer of operational risk

Cost savings

Digital innovation and capability

Attracting, retaining and developing talent

Increased health & safety regulations

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

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

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

**Group performance**

Organic growth was 37.5%1 with underlying revenue, on a constant-currency basis, 105% of its 2019 level2. Underlying operating margin increased by 170bps to 6.2%1 (2021: 4.5%) despite mobilisation costs associated with the higher new business growth and inflationary pressures. As a result, underlying operating profit increased to £1,590 million1 (2021: £811 million).

We are continuing to invest in exciting growth opportunities both through capital expenditure and M&A. Capital expenditure was 2.7%1 of underlying revenue, lower than historic levels due to timing delays in some investments. Going forward, we continue to expect capital expenditure to be around 3.5%1 of underlying revenue.

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

The Group generated a strong underlying operating cash flow of £1,351 million1 (2021: £1,004 million) which represented a conversion rate of 85%1, back in line with our typical pre-COVID level. Underlying free cash flow was £890 million1 (2021: £660 million), with a conversion rate of 56%1. As a result of improving profit, leverage reduced to 1.3x1, well within our target range of 1x-1.5x.

Strategy

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

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

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

People

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

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

1. Alternative Performance Measure (APM). The Group’s APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.
2. Throughout this Report, underlying revenue as a percentage of 2019 is calculated on a constant-currency basis.
3. Annual revenue of new business wins in the last 12 months.
Summary
The Group performed strongly both in terms of revenue growth and margin improvement, with underlying operating profit nearly doubling to £1.6 billion\(^1\). Revenue in all sectors and regions exceeded their pre-COVID levels in the second half, with Business & Industry recovering particularly well. Organic revenue growth was strong as the Group benefited from good volume recovery and excellent levels of net new business. Underlying operating margin also grew strongly to 6.2\(^{\%}\)\(^1\) despite mobilising high levels of new business.

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

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

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

DOMINIC BLAKEMORE
Group Chief Executive Officer
21 November 2022

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

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

One of the most impactful ways to prevent climate change is to reduce food waste. To better understand and mitigate our businesses’ food waste footprint, Compass is expanding the use of smart meter technology across our global operations while working in partnership with clients and suppliers to halve food waste by 2030. As well as working to incentivise our workforce to fight food waste, we highlight our progress through visible awareness-raising initiatives, such as Stop Food Waste Day in over 40 countries.

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

WE ARE CONTINUING TO INVEST IN EXCITING GROWTH OPPORTUNITIES BOTH THROUGH CAPITAL EXPENDITURE AND M&A. THERE REMAINS A SIGNIFICANT STRUCTURAL GROWTH OPPORTUNITY FROM FIRST TIME OUTSOURCING, AS AROUND HALF OF THE MARKET IS STILL SELF-OPERATED.

Dominic Blakemore,
Group Chief Executive Officer

We are continuing to invest in exciting growth opportunities both through capital expenditure and M&A. There remains a significant structural growth opportunity from first time outsourcing, as around half of the market is still self-operated.
OUR STRATEGIC FRAMEWORK

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

Our values
- Can-do safely
- Openness, trust and integrity
- Responsibility
- Passion for quality
- Win through teamwork

Our goals
- Representative of the communities we serve
- Industry-leading services
- A sustainable future for all

Our strategic pillars
- Respect Teamwork Growth
- People & purpose
- Scale advantages Best value service
- Sectorisation Bespoke and innovative solutions
- Purchasing Labour optimisation Digital and culinary innovation
- Net zero Food waste Community
- Sustainable future for all Better for the world

Our promise
- People Create lifetime opportunities
- Performance Deliver long-term valued relationships
- Purpose Make a positive social and environmental impact

People & purpose
- Organic revenue growth
- Operating efficiencies
- Competitive advantage
- Opportunity for all
- Respect Teamwork Growth
- Connected leaders
- Empowered teams
- Caring, winning culture

People
Read more about our people

Performance
Read more about our performance

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

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

**Organic Revenue Change**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>37.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Underlying Operating Margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>6.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Underlying Free Cash Flow**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow</td>
<td>£890m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Underlying Basic Earnings Per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>63.0p</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Return on Capital Employed (ROCE)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>15.8%</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

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

**Global Lost Time Incident Frequency Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>2.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

**Global Food Safety Incident Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidents</td>
<td>0.14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**GHG Intensity Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>5.8 tCO₂e/£m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

SAFETY CULTURE

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

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

Global COVID-19 response update
During 2022, our global Coronavirus response team continued to closely monitor developments, follow local and global regulatory health authority guidance and share learnings throughout the Group. Weekly advisory updates from our Chief Medical Adviser have been critical in providing highly detailed and evidence based data on the pandemic situation for all regions.

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

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

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

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

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

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

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

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

Our safety performance against targets continued to improve in 2022. Since 2018, we have delivered a 33% reduction in the LTIFR and a 42% reduction in the FSIR respectively. A reduction in LTIFR correlates with an improving safety culture; reducing cases where our colleagues are away from work for more than a shift as a result of a work-related injury. A reduction in FSIR is a helpful measure of our ability to provide quality food that is safe to our consumers, as measured by cases of substantiated food safety incidents.

See our KPIs on page 9 for more information.

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

DOING WHAT IS RIGHT

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

Our E&I programme

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

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

Global initiatives

Committed to continued improvement we prioritised:

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

Training and awareness

Through communication, awareness and training, we empower, encourage and equip our people to spot red flags and make well-informed integrity-driven decisions. To reach wider audiences, we expanded our target training population to above-unit manager up to Executive Management and Board-level and increased the frequency to biannual training covering regulatory risks as well as policies and values. As an indicator of effectiveness, 96% of colleagues who completed the training agreed it raised their awareness of E&I principles.

Pledge and declaration

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

Priorities for the year ahead

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

For more information, visit www.compass-group.com/en/who-we-are/ethics-and-integrity

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

REPORTS RECEIVED: 3,176
Through our Speak Up programme and helpline

REPORTS RECEIVED FROM: 40 countries
An increase of 5 countries following relaunch in 2021

QR CODE SCANS: 8,746
Found on posters and other communication materials

LEADERS TRAINED: c.12,000
Leaders completed training in managing Speak Up concerns

BRUNEL UNIVERSITY, COMPASS GROUP UK&I

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

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

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

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

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

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

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

**map 2**  
**Consumer sales and marketing**  
Like-for-like revenue consists of both volume and price. We are focused on attracting and satisfying our client base with strong consumer propositions.

**map 3**  
**Cost of food**  
Food makes up around one-third of our costs. In addition to the benefits of our scale in food procurement, we are able to manage food costs through careful menu planning and by rationalising the number of products we buy and the suppliers we buy them from.

**map 4**  
**In-unit costs**  
In-unit costs are made up predominantly of labour. We focus on getting the right people in the right place at the right time. By using labour scheduling techniques and improving productivity, we are able to deliver the optimum level of service in the most efficient way.

**map 5**  
**Above-unit overheads**  
We have a simple organisational model with few layers of management and little bureaucracy, which enables us to keep overheads low whilst we continue to grow revenue.

**Organic revenue growth**

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

**Related KPIs:**  
Organic revenue change

**Margins**

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

**Related KPIs:**  
Underlying operating margin

**Free cash flow**

**Shareholder returns**

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

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

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

A YEAR OF STRONG GROWTH

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

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

### Key

<table>
<thead>
<tr>
<th>APM</th>
<th>Alternative Performance Measure (APM) (see pages 192 to 199)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>APM which is also a Key Performance Indicator (see page 9)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2022</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>25,771</td>
<td>18,136</td>
</tr>
<tr>
<td>Organic</td>
<td>25,599</td>
<td>18,617</td>
</tr>
<tr>
<td>Statutory</td>
<td>25,512</td>
<td>17,908</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>1,590</td>
<td>811</td>
</tr>
<tr>
<td>Organic</td>
<td>1,590</td>
<td>848</td>
</tr>
<tr>
<td>Statutory</td>
<td>1,590</td>
<td>841</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>6.2%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>RETURN ON CAPITAL EMPLOYED (ROCE)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>15.8%</td>
<td>8.7%</td>
</tr>
<tr>
<td><strong>BASIC EARNINGS PER SHARE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>p</td>
<td>p</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>63.0p</td>
<td>29.5p</td>
</tr>
<tr>
<td>Statutory</td>
<td>63.0p</td>
<td>30.9p</td>
</tr>
<tr>
<td><strong>FREE CASH FLOW</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying – reported rates</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Underlying – constant currency</td>
<td>890</td>
<td>660</td>
</tr>
<tr>
<td><strong>DIVIDEND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-year dividend per ordinary share</td>
<td>31.5p</td>
<td>14.0p</td>
</tr>
</tbody>
</table>
## Income statement

For the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statutory £m</td>
<td>Adjustments £m</td>
<td>APM Underlying £m</td>
<td>Statutory £m</td>
</tr>
<tr>
<td>Revenue</td>
<td>25,512</td>
<td>259</td>
<td>25,771</td>
<td>17,908</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,500</td>
<td>90</td>
<td>1,590</td>
<td>545</td>
</tr>
<tr>
<td>Net (loss)/gain on sale and closure of businesses</td>
<td>(7)</td>
<td>7</td>
<td>–</td>
<td>10</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(24)</td>
<td>(76)</td>
<td>(100)</td>
<td>(91)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,469</td>
<td>21</td>
<td>1,490</td>
<td>464</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(352)</td>
<td>(13)</td>
<td>(365)</td>
<td>(107)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>1,117</td>
<td>8</td>
<td>1,125</td>
<td>357</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(4)</td>
<td>–</td>
<td>(4)</td>
<td>–</td>
</tr>
<tr>
<td>Attributable profit</td>
<td>1,113</td>
<td>8</td>
<td>1,121</td>
<td>357</td>
</tr>
</tbody>
</table>

Average number of shares: 1,779m – 1,779m

Basic earnings per share (KPI): 62.6p 0.4p 63.0p

EBITDA: 2,371

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

## Statutory income statement

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

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

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

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

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

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

## Underlying income statement

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

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

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

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

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

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

Balance sheet
At 30 September

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

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

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

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

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

The Group’s USP notes contain leverage and interest cover covenants which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net debt costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.0 times and 3.4 times, respectively, at 30 September 2022. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests. The covenant tests are shown in note 18 to the consolidated financial statements.

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

Our credit ratings remain strong investment grade – Standard & Poor’s A1-1 Long-term and Short-term (outlook Stable) and Moody’s A3/Baa2 Long-term and Short-term (outlook Stable). Net debt

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

The ratio of net debt to market capitalisation of £32,277 million at 30 September 2022 was 9.3% (2021: 9.3%). At 30 September 2022, the ratio of net debt to underlying EBITDA was 1.3x (2021: 1.6x). Our leverage policy is to maintain strong investment-grade credit ratings and to target net debt to underlying EBITDA in the range of 1x-1.5x.

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

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

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

Return on capital employed
Return on capital employed was 15.8% (2021: 15.7%) based on net underlying operating profit after tax at the underlying effective tax rate of 24.5% (2021: 24.5%). The increase mainly reflects the higher profit, partly offset by higher average capital employed. The average capital employed was £7,567 million (2021: £7,005 million).
### Cash flow

For the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow¹</td>
<td>£823</td>
<td>£464</td>
</tr>
<tr>
<td>Add back: Lease repayments</td>
<td>£152</td>
<td>£153</td>
</tr>
<tr>
<td>New lease liabilities and amendments</td>
<td>£(139)</td>
<td>(103)</td>
</tr>
<tr>
<td>Acquisition and disposal of businesses</td>
<td>£(258)</td>
<td>(173)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>£418</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of own shares</td>
<td>£(431)</td>
<td>(3)</td>
</tr>
<tr>
<td>Foreign exchange translation</td>
<td>£(251)</td>
<td>83</td>
</tr>
<tr>
<td>Other non-cash movements</td>
<td>70</td>
<td>45</td>
</tr>
<tr>
<td>(Increase)/decrease in net debt</td>
<td>£(452)</td>
<td>466</td>
</tr>
<tr>
<td>Opening net debt</td>
<td>(2,538)</td>
<td>(3,006)</td>
</tr>
<tr>
<td>Cash reclassified from held for sale</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Net debt¹</td>
<td>(2,990)</td>
<td>(2,538)</td>
</tr>
</tbody>
</table>

Free cash flow¹ APM

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add back: Cash payments related to cost action programme and COVID-19 resizing costs</td>
<td>£57</td>
<td>£186</td>
</tr>
<tr>
<td>Add back: Acquisition transaction costs</td>
<td>£10</td>
<td>–</td>
</tr>
<tr>
<td>Underlying free cash flow¹ APM</td>
<td>£890</td>
<td>£660</td>
</tr>
</tbody>
</table>

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

### Free cash flow

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

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

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

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

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

### Acquisition and disposal of businesses

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

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

### Dividends paid

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

### Purchase of own shares

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

### Foreign exchange translation

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

### Other non-cash movements

Other non-cash movements primarily comprises fair value movements on derivative financial instruments used to manage the Group’s interest rate exposure.
Capital allocation
Our capital allocation framework is clear and unchanged. Our priority is to invest in the business to fund growth opportunities, target a strong investment-grade credit rating with a leverage target of around 1x-1.5x net debt to EBITDA and pay an ordinary dividend, with any surplus capital being returned to shareholders.

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

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

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

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

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

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

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

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

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

The £500 million share buyback programme announced in May 2022 was completed in November 2022. We have announced a further share buyback of up to £250 million, to take place during the first half of the 2023 financial year, taking the total buyback to £750 million.

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

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

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

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

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

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

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

We adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders, including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting our reputation.
In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group’s Code of Business Conduct and Code of Ethics.

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

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

**Risks and uncertainties**

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

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

**Related party transactions**

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

**Going concern**

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

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

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

**PALMER BROWN**

Group Chief Financial Officer

21 November 2022
### REGIONAL REVIEWS

#### NORTH AMERICA

**Underlying Revenue**

- **APM**: £17,139m
- **Change**: 28%
- **2021**: £11,170m

**Operating Profit**

- **APM**: £1,236m
- **Change**: 103.6%
- **2021**: £607m

**Operating Margin**

- **APM**: 7.2%
- **2021**: 5.4%

#### EUROPE

**Underlying Revenue**

- **APM**: £5,935m
- **Change**: 27.9%
- **2021**: £4,641m

**Operating Profit**

- **APM**: £299m
- **Change**: 103.4%
- **2021**: £147m

**Operating Margin**

- **APM**: 5.0%
- **2021**: 3.2%

#### REST OF WORLD

**Underlying Revenue**

- **APM**: £2,697m
- **Change**: 16.0%
- **2021**: £2,325m

**Operating Profit**

- **APM**: £141m
- **Change**: 8.5%
- **2021**: £130m

**Operating Margin**

- **APM**: 5.2%
- **2021**: 5.6%

### Financial Summary

<table>
<thead>
<tr>
<th>Region</th>
<th>Underlying Revenue</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>North America</td>
<td>£17,139m</td>
<td>£1,236m</td>
<td>7.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>£5,935m</td>
<td>£299m</td>
<td>5.0%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>£2,697m</td>
<td>£141m</td>
<td>5.2%</td>
</tr>
<tr>
<td>Total</td>
<td>£25,771m</td>
<td>£1,590m</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

**Key**

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

1. The Group’s APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.
2. Re-presented to reflect the change in the definition of regional underlying operating profit to include the share of results of associates (£1m loss).
North America

Underlying

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

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

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

Statutory

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

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

Europe

Underlying

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

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

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

Statutory

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

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

Rest of World

Underlying

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

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

Statutory

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

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

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

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

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

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

Risk management framework

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

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

The Board delegates aspects of risk management, with the Executive Committee responsible for the day-to-day management of significant risk, and the Audit Committee responsible for the oversight of Compass’ risk management systems and internal financial controls. The Group Director of Risk and Internal Audit maintains the risk management framework including the risk policy. The Audit Committee annually reviews the effectiveness of the Group’s approach to risk management and any changes to the risk policy and recommends the principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval. The Audit Committee’s report is on pages 74 to 78.
Risks and the corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. Risk updates are integral to periodic management reviews and are regularly reviewed by the Regional Governance Committees and the Executive Committee. A critical component of the risk review process is the dynamic identification of emerging and developing risks at a country, regional and Group level. This bottom-up and top-down approach provides a comprehensive assessment of the key risks facing the Group. The findings of the risk reviews, including the principal risks and any developing trends, are reported to and considered by the Board twice a year.

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

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

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

**Risk appetite**

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

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

**New and emerging risks**

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

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

**Our principal risks**

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

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

**Pandemic COVID-19**

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

**Other principal risks**

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

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

## Key
- **People**
- **Performance**
- **Purpose**

### Link to map
See page 13

### Risk Description Mitigation

### CLIMATE CHANGE AND SUSTAINABILITY

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>The impact of climate change on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group’s markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation.</td>
<td>The Group continues to focus on evaluating its exposure to climate change and seeks to identify potential future issues early so that sourcing and operations can be adjusted, and menus adapted appropriately. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas emissions (GHG). Compass has targeted climate net zero GHG emissions by 2050 alongside validated science-based targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement. Based on the scenario analysis carried out in relation to TCFD, we believe the risks do not have the potential to have a material impact on the Group. The TCFD disclosures for 2022 are set out on pages 43 to 50.</td>
</tr>
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### Social and ethical standards

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and ethical standards</td>
<td>Compass relies on its people to deliver great service to its clients and consumers and recognises that the welfare of employees is the foundation of its culture and business. Compass remains vigilant in upholding high standards of business ethics with regard to human rights and social equality.</td>
<td>To enhance its ability to counter risks to its businesses and supply chains from modern slavery, Compass has focused on the areas where its human rights strategy can have the greatest impact. This has been done through the Human Rights Working Group, the engagement of external specialist advisers, the Group’s Modern Slavery eLearning tools and ongoing work to strengthen and improve the Group’s human rights due diligence through supplier evaluation and labour agency reviews.</td>
</tr>
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### HEALTH AND SAFETY

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety</td>
<td>Compass feeds millions of consumers and Group companies employ hundreds of thousands of people around the world every day. For that reason, setting the highest standards for food hygiene and safety is paramount. Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to the Company’s reputation.</td>
<td>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 businesses’ 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 the Group’s global supply chain are assured through compliance with a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity. Further mitigations in place include Global Operational Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.</td>
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### Trend
- **2022**
- **NEW**
- **2021**
### HEALTH AND SAFETY CONTINUED

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pandemic COVID-19</td>
<td>The Group’s operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures, but Compass has recovered well and learned from the pandemic. As a result, the risk has declined. Further outbreaks of the virus, or another pandemic, could cause further business risk.</td>
<td>Operations and working practices have been adjusted to retain the skills and experience of colleagues and provide flexibility in the event of a resumption of containment measures. To protect the Group’s employees, clients and consumers, enhanced health and safety protocols and personal protective equipment requirements and guidelines, hygiene requirements and site layout solutions, developed in consultation with expert advisers and with our clients, have been adopted accordingly. 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.</td>
</tr>
</tbody>
</table>

### PEOPLE

<table>
<thead>
<tr>
<th>Recruitment</th>
<th>Failure to attract and recruit people with the right skills at all levels could limit the success of the Group.</th>
<th>The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation, improved use of technology such as apps and social media, targeted recruitment, and training and development programmes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Retention and motivation</th>
<th>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.</th>
<th>The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support its best people.</th>
</tr>
</thead>
</table>

### CLIENTS AND CONSUMERS

<table>
<thead>
<tr>
<th>Sales and retention</th>
<th>The Group’s 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 Compass’ businesses. Reduced office attendance, closure of client sites and fewer site visitors as a result of the ongoing impact of COVID-19 and related variants may impact revenues in affected sectors.</th>
<th>Compass has strategies that strengthen its long-term relationships with its clients and consumers based on quality, value and innovation. The Group’s business model is structured so that it is not reliant on one particular sector or group of clients. Technology is used to support the delivery of efficiencies and to contribute to growth through, for example, cashierless and cashless payment systems and the use of artificial intelligence. This is beneficial to clients and consumers and positively impacts retention and new business wins. Compass continues to focus on financial security and safety. In today’s environment, these are key strengths for clients. Contracts may be renegotiated. There is continued focus on retention and new sales and the use of technology and innovative client solutions.</th>
</tr>
</thead>
</table>
## RISK MANAGEMENT CONTINUED

### CLIENTS AND CONSUMERS CONTINUED

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service delivery, contractual compliance and retention</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Competition and disruption</strong></td>
<td>The Group operates in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market. 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 the Group’s businesses.</td>
<td>Compass aims to minimise this and to respond to new market and consumer food services trends by continuing to promote its differentiated propositions and by focusing on its strengths, such as flexibility in the cost base, quality, value of service and innovation. Harnessing knowledge and experience and continuing to invest in technology helps 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. By leveraging its expertise and technology Compass is able to differentiate its food services offer. For example, investments in SmartQ, EAT Club and Feedr have given Compass platforms that allow it to pivot food operations according to changing client and consumer demands.</td>
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### ECONOMIC AND POLITICAL ENVIRONMENT

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geopolitical</strong></td>
<td>At the half year, Compass recognised geopolitical tensions, including the conflict between Russia and Ukraine as a new principal risk. The conflict has heightened national security threats to countries, particularly in Europe and NATO and its disruption to the global energy market has contributed to the elevation of the existing cost inflation, economic and cyber security risks.</td>
<td>As a Group, Compass is monitoring the situation closely with the safety and security of the Group’s employees front of mind. In March, Compass permanently exited the Russian market and moved away from all known Russian suppliers. The Group continues to manage inflation risks by sharing best practice across the Group to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling, and productivity by the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</td>
</tr>
<tr>
<td><strong>Economy</strong></td>
<td>Sectors of Compass’ 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.</td>
<td>As part of Compass’ strategy, the Group is focused on productivity and purchasing initiatives which help to manage the cost base. During adverse conditions, if necessary, actions can be taken to reduce labour costs and action plans have been implemented to protect profitability and liquidity.</td>
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</table>
## ECONOMIC AND POLITICAL ENVIRONMENT CONTINUED

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
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<tbody>
<tr>
<td><strong>Cost inflation</strong></td>
<td>At Compass, the objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the US and UK, or the cost of food, could constitute a risk to our ability to do this. Increases in inflation continue to intensify cost pressures in some locations.</td>
<td>As part of the MAP framework and by sharing best practice across the Group, Compass seeks to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and by the increased use of technology. Cost indexing in our contracts also gives Compass the contractual right to review pricing with clients. It is anticipated that the cost action programmes and continued oversight of supply chain costs will assist in taking appropriate action to mitigate the risks in this area.</td>
</tr>
<tr>
<td><strong>Political instability</strong></td>
<td>Compass is a global business operating in countries and regions with diverse economic and political conditions. Operations and earnings may be adversely affected by political or economic instability.</td>
<td>The Group remains alert to future changes presented by emerging markets or fledgling administrations and tries to anticipate and contribute to important changes in public policy. Where possible, Compass seeks to absorb price increases through operational efficiencies. Cost indexing in our contracts also gives Compass the contractual right to review pricing with clients. Recruitment and retention strategies are also in place to mitigate any impact on labour supply. Compass remains vigilant to changes in political stability in local jurisdictions and retains the flexibility to take appropriate mitigating action as necessary.</td>
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## COMPLIANCE AND FRAUD

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance and fraud</strong></td>
<td>Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group’s reputation, its performance and/or a reduction in the Company’s share price and/or a loss of business. It could also lead to criminal action, sanction or other litigation being brought against the Company, its directors or Executive management. 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.</td>
<td>The Group’s zero tolerance-based Code of Business Conduct and Code of Ethics continue to govern all aspects of its relationships with its stakeholders. Compass operates a continuous improvement process as part of the Group’s Ethics and Integrity programme to enhance and strengthen its culture of integrity, sharing insights and emerging trends between regional and country management teams. 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 Compass’ Ethics and Integrity programme and its independently operated Speak Up, We’re Listening helpline and web platform. All alleged breaches of the Codes, including any allegations of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct, are followed up, investigated and dealt with appropriately. Regulation and compliance risk is also considered as part of the 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 standards and expectations. Internal Audit regularly reviews internal controls and analyses financial transactions to mitigate the risk of error or fraud.</td>
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</table>
RISK MANAGEMENT CONTINUED

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Mitigation</th>
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<tbody>
<tr>
<td><strong>COMPLIANCE AND FRAUD CONTINUED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International tax</strong></td>
<td>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.</td>
<td>Compass seeks to plan and manage its tax affairs efficiently in the jurisdictions in which the Group’s businesses operate. Compass acts in compliance with relevant laws and disclosure requirements. Compass manages and controls these risks in a proactive manner and in doing so exercises judgement and seeks appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group’s formal governance process and are reviewed by the Board and the Audit Committee on a regular basis. The Group proactively manages its tax arrangements in accordance with various government-led initiatives and ensures compliance is achieved by putting robust processes and controls in place, including third-party support and review.</td>
</tr>
<tr>
<td><strong>Information systems and technology</strong></td>
<td>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, and the Russia / Ukraine conflict has led to an increase in the risk of malware and phishing attacks across all organisations.</td>
<td>Compass continually assesses its cyber risk and manages the maturity of its enterprise infrastructure, platforms and security controls to ensure that it can effectively defend against any current or future cyber-attacks. Appropriate crisis management procedures are in place to handle issues in the event of defences being breached. This is supported by using industry standard tooling, experienced professionals and partners and regular compliance monitoring to evaluate and mitigate potential impacts. The Group relies on a variety of digital and technology platforms to manage and deliver services and communicate with its people, clients, consumers and suppliers. Compass’ decentralised model and infrastructure help to mitigate propagation of attacks across the Group’s technology estate. Compass continues to be focused on the need to maximise the effectiveness of its information systems and technology as a business enabler. As such, the Group has increased its investment in technology and people in order to strengthen its platforms and enhance its cyber security defences to mitigate the risk of technology failure and data loss. Configuration changes have been implemented to block phishing emails, awareness campaigns have been increased and cyber training provided to help employees identify these types of attacks. IS&amp;T controls and risks are assessed as part of the Group’s formal governance processes and are reviewed by the Audit Committee on a regular basis.</td>
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VIABILITY STATEMENT

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

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

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

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

- **Risk management process:** The Group operates a formal risk management process under which the Group’s principal risks are assessed and prioritised biannually. Risks and corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. The findings of the risk reviews, including the principal risks and any developing trends, are reported to the Board twice a year. In making its viability assessment, the Board carried out a robust evaluation of the principal risks facing the Group (see pages 24 to 28), including those that would threaten its business model, future performance, solvency or liquidity.

- **Strategic planning process:** The Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. Current-year business performance is reforecast during the year. The plan is reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the Executive team. The Board’s role is to consider the appropriateness of key assumptions, considering the external environment and business strategy. The most recent three-year plan was approved by the Board in November 2022.

- **Headroom and covenant analysis:** At 30 September 2022, the Group had £2.0 billion of undrawn committed bank facilities, which mature in August 2024 (£140 million) and August 2026 (£1,860 million), and £1.7 billion of cash net of overdrafts. Term debt maturities in the three-year period total £2.0 billion, of which £0.7 billion was pre-financed with bond issues in September 2022. Based on the forecast cash flows in the strategic plan, the remainder of the maturing debt is expected to be refinanced during the three-year period to 30 September 2025 to maintain the desired level of headroom.

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

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

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

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

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

PALMER BROWN
Group Chief Financial Officer
21 November 2022

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1. Alternative Performance Measure (APM). The Group’s APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.
Developing future leaders and retaining top talent is crucial to our strategy for growth. In 2021, Compass Group Australia launched the Leadership Academy, which gives the business a competitive edge by developing leaders at all levels. Its founding vision is to ensure that every Compass Group Australia employee can grow and develop their career and is led by a capable leader. The Academy, which has the potential to be replicated in all our markets, has put over 300 leaders through its Leadership Induction programme, and over 70 managers are currently on the newly launched Operational Coaching programme. As well as producing successful campaigns such as Compass Has Talent, which identifies future leaders and removes barriers, the Academy is also improving safety performance for our employees, clients and consumers. It is a prime example of an initiative that enhances our performance and serves our purpose.

300+
leaders completed the Academy’s Leadership Induction programme

51%
female representation on the Academy’s Leadership Induction programme

People strategic pillars

- Opportunity for all
- Caring, winning culture
- Respect
- Teamwork
- Growth
- Connected teams
- Empowered leaders
- Diverse thinking

THE LEADERSHIP ACADEMY, COMPASS GROUP AUSTRALIA

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

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

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

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

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

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

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

DEBORAH LEE
Group Chief People Officer

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

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

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

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

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

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

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

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

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

The Women in Food community, launched in 2016 to support female chefs, continued to grow, with many of our Women in Food ambassadors providing world-class service at the 2022 UEFA European Women’s Football Championship. Levy UK&I brought a team together made up of almost 800 women to provide world-class catering and hospitality to eight matches at the tournament, held in the UK. They were joined by Compass Healthcare and Chartwells colleagues from the UK&I business, a team which included chefs, nutritionists, operations, front-of-house colleagues and Compass’ and Chartwells’ chef partner, writer and broadcaster Allegra McEvedy MBE.
Compass Group Turkey established a Leader Women’s Network, bringing together 25 above-unit female managers from across the country to define the needs of the business in gender diversity. The business also facilitates the career development of talented women in its kitchens and other operational positions, helping them grow into roles of responsibility and leadership.

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

### 2022 Female Representation

<table>
<thead>
<tr>
<th>Category</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Senior Leaders</td>
<td>37%</td>
<td>35%</td>
</tr>
<tr>
<td>All Management</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Total Workforce</td>
<td>57%</td>
<td>57%</td>
</tr>
</tbody>
</table>

1. Figures stated as at 30 September 2022.
2. The gender breakdown disclosures required in the Strategic Report pursuant to section 414C(8)(c) of the Companies Act 2006 are made on page 116, and are incorporated by reference into the Strategic Report.

### Connected leaders

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

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**Chef Appreciation Week**

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

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

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

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

We would like to take this opportunity to thank all our frontline chefs and culinary leaders who invest in their teams and champion sustainability, diversity and inclusion whilst serving our clients and consumers.
PROTECTING AND PROMOTING EMPLOYEES’ MENTAL HEALTH SHOULD ALWAYS BE A PRIORITY FOR ALL RESPONSIBLE BUSINESSES.

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

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

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

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

Health and wellbeing

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

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

Compass Group UK&I’s Social Promise

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

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

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

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

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

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

14forty, Compass Group UK&I’s specialist provider of integrated facilities management, won the Wellbeing Award at the 2022 Institute of Workplace and Facilities Management Awards. The award was given in recognition of various initiatives that encourage customers to make better food choices across client sites, including the launch of plant-based menus and partnerships with the University of Cambridge to trial exercise and calorie consumption labelling and the University of Oxford to trial eco-labelling.
A similar commitment to wellbeing is exemplified across our Rest of World markets. These businesses offer a comprehensive range of programmes to help their employees manage their mental health proactively and support them with various initiatives, from counselling services to financial guidance.

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

Human rights

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

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

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

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

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

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

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

Financial wellbeing

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

Priorities for the year ahead

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

Our response to the crisis in Ukraine

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

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

Other activities undertaken by Compass businesses to support Ukraine include:

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

These efforts are a powerful example of our commitments: respect, teamwork and growth. When combined with individual donations from our businesses and colleagues worldwide to charities, including UNICEF, ACNUR and World Central Kitchen, the total financial aid from the Compass group of companies is estimated at €500,000.
Food waste is a key contributor to climate change. With the deployment of food waste measurement technologies, we are making good progress towards meeting our goal of halving food waste across the Group by 2030.

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

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

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

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

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

25.6% reduction in food waste
26.3t of CO₂ equivalent saved
4.1m litres of water saved
COMPASS CONTINUALLY SEeks WAYS TO Be more SOcially and ENVIRONMENTALLY RESPONSIBLE. IN THE LAST YEAR, OUR PURPOSE HAS CONTINUED TO DRIVE INNOVATION AND COLLABORATION ACROSS THE GROUP AS WE STRENGTHENED PARTNERSHIPS WITH CLIENTS, BUSINESS PARTNERS AND LOCAL COMMUNITIES.

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

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

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

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

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

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

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

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

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

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

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

Supporting the UK&I in its journey to achieve deep decarbonisation is leading University of Oxford expert, Professor Sir Charles Godfray FRS, appointed in May 2022 as Chief Climate and Sustainability Adviser to the UK&I’s Executive team.
Our business in Australia is also leading on carbon reduction, particularly within its Defence, Offshore & Remote sector, where it has developed plans to transform its owned and operated mining villages into ‘net zero villages’. The villages are planning to run on 100% renewable energy, with electrified fleets and equipment, creating a circular economy of waste and water and redesigning the food offering to be more planet-positive.


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

### Denmark – sustainability dashboards are being used across 30 client sites to help reduce 

### Finland – our business is calculating the CO₂ impact of each meal in around 500 units and presenting this on menus

### Netherlands – our business is working in partnership with PHI Factory, an external consultancy, to measure the CO₂ emissions of its products and help clients reach their climate goals

### Portugal – an initiative named ‘Heróis 0 Desperdício’ (Zero Waste Heroes) has educated schoolchildren, leading to a 31% reduction in food waste in participating schools

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

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

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

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

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

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

In accordance with the EAT-Lancet recommendations for a planet-friendly diet, our businesses are helping to rebalance menus by reducing animal proteins. We recognise that chefs are the best ambassadors for progress in this area, so we are empowering chefs across our businesses to make progress, one dish at a time, by training them to be more plant-forward in their menu planning.

For example, Compass Group Australia has launched the Shift Academy, which educates our chefs on the ‘why’ and empowers them on the ‘how’ in creating planet-positive menus, with skills from agrodiverse sourcing to menu presentation. With 50 chefs already trained, there are plans to scale up this programme in 2023 across Australia and the rest of Asia Pacific.
Over 40% of dishes provided by Levy UK&I at COP26 were plant-based. For non-plant-based dishes, Levy actively took a plant-forward approach by replacing over 50% of the animal proteins in the recipes with high quality plant-based proteins.

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

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

Reducing food waste

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

Towards reusable solutions

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

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

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

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

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

Group highlights in fighting food waste in 2022 included:

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

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

<table>
<thead>
<tr>
<th>Scope 1 – Emissions from the combustion of fuel or the operation of any facility, including fugitive emissions from refrigerants use</th>
<th>UK and offshore</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,881</td>
<td>100,000</td>
</tr>
<tr>
<td>Scope 2 – Emissions resulting from the purchase of electricity, heat, steam of cooling (location based)</td>
<td>2,385</td>
<td>46,807</td>
</tr>
<tr>
<td></td>
<td>1,047</td>
<td>47,071</td>
</tr>
<tr>
<td>Total gross emissions (location based)</td>
<td>6,266</td>
<td>146,807</td>
</tr>
<tr>
<td>tCO₂e (location based) per million £ turnover</td>
<td>3.2</td>
<td>5.8</td>
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<tr>
<td>Energy consumption used to calculate above emissions/kWh</td>
<td>31,837,141</td>
<td>575,794,878</td>
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</tbody>
</table>

For the year ended 30 Sept 2022

<table>
<thead>
<tr>
<th>Scope 2 – Emissions resulting from the purchase of electricity, heat, steam of cooling (market based)</th>
<th>UK and offshore</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,096</td>
<td>38,298</td>
</tr>
<tr>
<td>Total gross emissions (location based)</td>
<td>3,119</td>
<td>40,525</td>
</tr>
<tr>
<td>tCO₂e (location based) per million £ turnover</td>
<td>5.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Energy consumption used to calculate above emissions/kWh</td>
<td>32,881,076</td>
<td>480,805,034</td>
</tr>
</tbody>
</table>

For the year ended 30 Sept 2021

Methodology

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

We monitor the energy usage and greenhouse gas emissions of our owned and operated sites across 29 countries (2021: 29), which represent 98% of underlying revenue* (2021: 98%). tCO₂e per million £ turnover is calculated by dividing our total gross emissions (location based) by underlying revenue* for the countries monitored.

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

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

Positive procurement

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

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

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

**Supporting regenerative farming practices**

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

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

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

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

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

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

Responsible sourcing

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

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

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

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

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

Find out more about how we maintain a safe and sustainable supply chain, www.compass-group.com/en/sustainability/planet/responsible-sourcing
Supporting health and wellness
Compass oversees many initiatives across the globe that provide equitable access to health promoting meals, menu options, and foods at affordable prices. We support local community food banks and food pantries, donate excess food items, participate in child meal programmes, promote food ‘farmacy’ and produce prescription programmes, and support community and on-site vegetable gardens.

We are committed to preventative food and nutrition, or ‘positive nutrition’ by offering menus that promote health in all food venues. Across all markets, we use research and science backed criteria to define our healthy menu items, including following individual country dietary guidance and WHO guidelines, whilst focusing on energy balance, reducing saturated fat, salt, and added sugar, and increasing the use of whole grains, fruits, vegetables, legumes, nuts and seeds in our menus. Transparency is critical; our businesses provide clients and consumers with the information they need to choose food that is right for them, and we are committed to having healthy menu options in at least 90% of our locations globally.

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

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

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

Priorities for the year ahead
The business will continue to prioritise sustainability initiatives that support progress towards our strategy with a focus on food waste technology deployment, plant-forward menu development and chef engagement. These areas of focus will help us reduce our emissions and we will report on our progress in the year ahead.
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

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

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

Summary

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

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

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

We have found the TCFD process to be an important tool in directing our efforts and integrating climate-risk awareness into our day-to-day operations. For the first time, in 2022, we carried out a quantitative scenario analysis of the potential climate-related risks and opportunities for our businesses. Our scope covered our largest market, the US, representing c.60% of the Group’s total annual revenue in 2021. Our assessment was based on the relative ranking of climate risks and financial materiality, providing a scope representing 27% of total US food spend in 2019.¹

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

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

Governance

The Board’s oversight of climate-related risks and opportunities

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

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

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

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

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

¹ 2019 data was used for the materiality assessment, as this year is the Group’s climate net zero target base year.
The Audit Committee reviews the effectiveness of the risk management and internal control processes and considers the potential financial impact of climate change on the financial statements at the half-year and full-year. The Audit Committee meets three times a year and comprises all the independent non-executive directors of the Board. More information about the Audit Committee can be found on page 74.

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

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

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

Strategy

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

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

The output of this exercise is summarised below. Compass considers three years (short-term), four to 10 years (medium-term) and greater than 10 years (long-term) to be the relevant time horizons based on the Group’s decision-making processes and structure. For reference, the Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. The directors have therefore determined that a three-year period to 30 September 2025 is an appropriate period over which to provide its viability statement on the basis that this is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of Group company contracts (three to five years). More information about the viability statement can be found on page 29.
<table>
<thead>
<tr>
<th>Risk/opportunity (time horizon)</th>
<th>Description and impacts</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHYSICAL RISKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Acute (S/M/L)</strong></td>
<td>Increased severity of extreme weather events such as heatwaves, floods, cyclones, forest fires, pests and diseases</td>
<td>Crop stress, reducing yields and/or catastrophic crop failure may lead to raw materials being harder to procure and increased operating costs.</td>
</tr>
<tr>
<td><strong>Chronic (S/M/L)</strong></td>
<td>Changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures, rising sea levels</td>
<td>Heavy impact on potential yields and quality may lead to raw materials being harder to procure and increased operating costs.</td>
</tr>
<tr>
<td><strong>TRANSITION RISKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Policy and legal (M/L)</strong></td>
<td>Regulation of existing products and services</td>
<td>Increased costs or reduced demand for products and services resulting from fines and judgements against us.</td>
</tr>
<tr>
<td><strong>Policy and legal (M/L)</strong></td>
<td>Increased carbon taxation on GHG emissions</td>
<td>Increased operating costs (e.g. higher compliance costs or increased insurance premiums).</td>
</tr>
<tr>
<td><strong>Market (S/M/L)</strong></td>
<td>Changing client and consumer behaviour</td>
<td>Reduced demand for goods and services due to shifts in consumer preferences.</td>
</tr>
<tr>
<td><strong>OPPORTUNITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resource efficiency (S/M/L)</strong></td>
<td>Use of more efficient modes of transport; use of more efficient production and distribution processes; and reduction in food waste across all operations</td>
<td>Reduced operating costs (e.g. through efficiency gains and cost reductions); increased production capacity resulting in increased revenues.</td>
</tr>
<tr>
<td><strong>Energy sources (S/M)</strong></td>
<td>Use of lower emission sources of energy; switch to renewable electricity across all operations; transition of all fleet vehicles globally to 100% plug-in electric</td>
<td>Reduced operational costs (e.g. through use of lowest cost abatement); reputational benefits resulting in increased demand for goods and services.</td>
</tr>
<tr>
<td><strong>Menus, products and services (S/M)</strong></td>
<td>Shift in consumer preferences</td>
<td>Better competitive position to reflect shifting consumer preferences towards plant-forward diets, resulting in increased revenues.</td>
</tr>
<tr>
<td><strong>Investment in innovation (M/L)</strong></td>
<td>Sustainable management of living natural resources and land use</td>
<td>More resilient supply chain resulting in higher availability of products, cost reductions, and reputational benefits resulting in increased demand for goods/services.</td>
</tr>
</tbody>
</table>
Scenario analysis
Based on the insights from this qualitative risk assessment, the physical impacts of climate change and the impacts of stringent climate policies were assessed under three climate scenarios, consistent with the recommendations of the TCFD: one physical climate impact scenario (RCP8.5) and two low-carbon transition scenarios (RCP2.6 and RCP1.9).

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

<table>
<thead>
<tr>
<th>Risk scenario</th>
<th>Key risk attributes</th>
<th>Focus areas</th>
<th>Rationale and considerations</th>
<th>Pathway to cost increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business as usual RCP8.5 (4°C)</td>
<td>Acute climate change Increased severity of extreme weather events such as heatwaves, floods, cyclones, forest fires, pests and diseases.</td>
<td>Animal protein, vegetables and fruit.</td>
<td>The most material physical risks for Compass food sourcing locations were assessed for which climate data from credible sources was available.</td>
<td>Loss in production leads to higher procurement costs (due to costs involved in switching sourcing). No carbon tax.</td>
</tr>
<tr>
<td>Low-carbon transition RCP2.6 (2°C) (very stringent)</td>
<td>Policy and legal Carbon taxation on agricultural and freight emissions (scope 3).</td>
<td>Animal protein, vegetables and fruit.</td>
<td>The implications and financial costs of mandatory farm standards would vary significantly across farms, whereas a carbon tax will have a material impact on all farms and food producers. This was therefore selected as a likely policy implication to be considered for the scenario analysis modelling.</td>
<td>Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.</td>
</tr>
<tr>
<td>Low-carbon transition RCP1.9 (1.5°C) (goal of Paris Agreement)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-carbon transition</td>
<td>Policy and legal Carbon taxation on emissions (scopes 1 and 2).</td>
<td>Emissions.</td>
<td>A carbon tax was found to be most material.</td>
<td>Increase in sourcing costs due to carbon pricing on agricultural (farm to farm gate) and freight emissions.</td>
</tr>
</tbody>
</table>
Summary of scenario analysis findings

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

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

Future roadmap on scenario analysis

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

The resilience of the Group strategy

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

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

<table>
<thead>
<tr>
<th>Gross cost impact</th>
<th>Net cost impact</th>
<th>Actions to reduce the impact of climate change</th>
<th>Metric (Unit)</th>
<th>Target 2030</th>
<th>Target 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy, ethically sourced and low-carbon food options</td>
<td>e.g. support programmes for chefs in their menu planning through chef engagement and robust culinary training.</td>
<td>GHG emissions scope 3 (tCO2e)</td>
<td>28% reduction</td>
<td>Climate net zero</td>
<td></td>
</tr>
<tr>
<td>Food waste reduction</td>
<td>e.g. global expansion of our suite of food waste management solutions and our proprietary Waste Not 2.0 system.</td>
<td>Food waste (kg)</td>
<td>50% reduction</td>
<td>To be determined</td>
<td></td>
</tr>
<tr>
<td>Flexible menu planning arrangements with clients</td>
<td>e.g. menu changes which allow us to select ingredients that are local, seasonal and readily available.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pricing</td>
<td>e.g. our client contracts include price adjustments as standard.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate-related risks and opportunities are incorporated into our procurement strategy over the short, medium and long-term</td>
<td>e.g. with our scale and effective procurement globally, we have a strong track record of managing raw material cost increases, most notably during the ongoing highly inflationary environment seen globally this year. Supply chain disruptions are commonplace in our industry and we are adept at managing them in a way that minimises operational impact.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transition global fleet vehicles to 100% plug-in electric (scope 1), e.g. we continue to explore ways to reduce our scope 1 emissions and have been engaging with manufacturers to make electric trucks available for us to purchase in our vehicle fleet, whilst also using GPS to optimise transport efficiencies.</td>
<td></td>
<td>GHG emissions scopes 1 and 2 (tCO2e; absolute; norm by revenue)</td>
<td>46% reduction; carbon neutral</td>
<td>Climate net zero</td>
<td></td>
</tr>
<tr>
<td>Switch to renewable electricity across our controlled operations (scope 2), e.g. we continue to explore ways to reduce our scope 2 emissions with the UK and France having already made commitments to switch to 100% renewable electricity across our owned and operated sites in 2022.</td>
<td></td>
<td>Percentage of renewable energy</td>
<td>To be determined</td>
<td>To be determined</td>
<td></td>
</tr>
</tbody>
</table>

Potential annual food cost increase in 2030 (%)

1. The gross cost impact column indicates the unmitigated annual food cost increase percentage in 2030 of the products in scope for each risk scenario.
2. The net cost impact column reflects that value, less the effect of having applied the business levers Compass has available within its regular course of business.
RISK MANAGEMENT

Processes for identifying and assessing climate-related risks

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

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

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

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

Processes for managing climate-related risks

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

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

Climate-related risk processes are integrated into overall risk management

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

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

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

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

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

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

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

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

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

Food waste

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

Scope 1 and scope 2 GHG emissions

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

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

1. BEIS 2019 emissions factors applied.

**Scope 3 GHG emissions**

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

**Calculations of scope 3 emissions going forward**

In 2021, we established our scope 3 GHG emissions baseline with 2019 data through a rigorous global data-gathering exercise and set our global 2050 climate net zero target. Our baseline 2019 total scope 3 emissions amounted to 12,176,517 tCO₂e as reported in our Sustainability Report 2021 (available with scope 3 category data on www.compass-group.com). In order to monitor our progress in reaching our science-based targets, we will measure and disclose our relevant scope 3 emissions annually starting in 2023.

**Internal carbon pricing**

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

**Remuneration**

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

**Work on other metric categories**

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

**Conclusion**

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

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