Full-year results announcement for the year ended 30 September 2024

	Underlying[1] results			Statutory results		
	2024	Restated[2] 2023	Change	**2024**	Restated[2] 2023	Change
Revenue	**$42.2bn**	$38.1bn[3]	10.6%[4]	**$42.0bn**	$37.9bn	10.8%
Operating profit	**$2,998m**	$2,576m[3]	16.4%[3]	**$2,584m**	$2,313m	11.7%
Operating margin	**7.1%**	6.8%	30bps	**6.2%**	6.1%	10bps
Earnings per share	**119.5c**	104.3c[3]	14.6%[3]	**82.3c**	92.2c	(10.7)%
Operating cash flow	**$2,642m**	$2,228m	18.6%	**$3,135m**	$2,536m	23.6%
Free cash flow	**$1,740m**	$1,516m	14.8%			
Annual dividend per share	**59.8c**	52.6c	13.7%	**59.8c**	52.6c	13.7%

Another year of strong performance.
Confident in delivering high single-digit profit growth[5] in 2025.

Strong revenue and profit growth:

- Underlying operating profit growth of 16.4%[3]
  - organic revenue increased by 10.6% with net new business growth of 4.2%, which accelerated in H2
  - underlying operating margin of 7.1% (+30bps year on year), with good progress in all regions
- Underlying operating cash flow increased by 18.6% to $2.6bn, providing flexibility for investment
- Invested $2.6bn in growth through capex (3.7% of underlying revenue) and M&A ($1bn)
- Returned $1.5bn to shareholders through dividends and share buybacks
- Strong balance sheet (net debt to EBITDA of 1.3x) and consistent capital allocation model

Strategic highlights:

- Increased focus and investment in the significant growth opportunities across our core markets
- Acquired, or agreed to acquire, attractive businesses in Europe: HOFMANN[S], CH&CO, Dupont Restauration and 4Service AS
- Further improved the quality of our portfolio by exiting, or agreeing to exit, nine non-core markets

Outlook:

- For 2025, we expect high single-digit underlying operating profit growth[5] driven by organic revenue growth above 7.5% and ongoing margin progression
- Longer term, we are confident in sustaining mid-to-high single-digit organic revenue growth, ongoing margin progression and profit growth ahead of revenue growth

Statutory results:

- Revenue increased by 10.8% reflecting the strong trading performance
- Operating profit, including non-underlying charges related to business acquisitions and reshaping our portfolio, increased by 11.7% to $2,584m
- Basic earnings per share decreased by 10.7%, to 82.3c, as the higher operating profit is more than offset by the impact of the reclassification of cumulative currency translation differences on sale of businesses, higher finance costs and higher effective tax rate

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 14 (non-GAAP measures) to the consolidated financial statements.
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
3. Measured on a constant-currency basis.
4. Organic revenue change.
5. On a constant-currency basis, including announced acquisitions, disposals and exits in 2024 and to date in 2025.

Business review

Dominic Blakemore, Group Chief Executive, said:

"2024 has been a year of strong operational and financial performance, with net new business growth accelerating in the second half as expected. The business continues to successfully capitalise on the dynamic market trends, using its proven competitive advantages to drive higher revenue and profit growth.

We have exited, or agreed to exit, nine non-core countries, further improving the quality of our portfolio and enabling us to better focus on our core markets with the greatest growth opportunities. To support this growth, we're investing in capex to drive net new business and are currently prioritising strategic acquisitions to further enhance our unique sectorised approach to clients.

We have a proven track record of successful M&A in North America and are using that blueprint to unlock growth in other regions. The integration of recent high-quality acquisitions in Europe is progressing well, and we're excited by the capabilities they bring to the Group.

In 2025, we expect high single-digit underlying operating profit growth, driven by organic revenue growth above 7.5% and ongoing margin progression. Longer term, we are confident in sustaining mid-to-high single-digit organic revenue growth with ongoing margin progression, leading to profit growth ahead of revenue growth. Our priority is to invest in the business through capex and M&A to support future growth, with surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns."

Results presentation today

Today, 26 November 2024, management will present Compass Group's Full Year 2024 results.

At 9:00 am (UK time), investors and analysts will be able to view a **video presentation** which will stream live on the Compass Group website at www.compass-group.com. An audio-only telephone option is available if you are unable to watch the video.

Following the video presentation, management will host a live **Q&A session** for investors and analysts. Participants must be connected by phone to ask a question during the conference call.

Participant dial in details:

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Financial calendar

Ex-dividend date for 2024 final dividend	16 January
Record date for 2024 final dividend	17 January
Last day for dividend currency elections	3 February
Last day for DRIP elections	6 February
Q1 Trading Update / Annual General Meeting	6 February
Sterling equivalent of 2024 final dividend announced	11 February
Half-year results	14 May

Business review (continued)

Basis of preparation

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The change in presentation currency provides investors and other stakeholders with greater transparency in relation to the Group's performance and reduces foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars. The amounts for prior periods have been translated into US dollars at average exchange rates for the relevant periods for income statements and cash flows, with spot rates used for significant transactions, and at the exchange rates on the relevant balance sheet dates for assets and liabilities.

Throughout this Annual Results Announcement, and consistent with prior years, underlying and other alternative performance measures are used to describe the Group's performance alongside statutory measures (see page 6).

Strategy

Compass is focused on the provision of food services, with targeted support services where appropriate. By divesting of non-core markets we have further improved the quality of our portfolio. This also enables us to better focus on our core markets, where there remain significant opportunities for growth. We now operate in around 30 countries in North America, Europe, and Asia-Pacific.

Our addressable market in food services is worth c.$320bn, a significant proportion of which remains self-operated. More demanding consumer expectations and increased macroeconomic pressures have contributed to the acceleration of first-time outsourcing, and we have clear competitive advantages built over the last 30 years to capture these opportunities.

Our sector and sub-sector portfolio enables us to better differentiate our offer compared to our competitors and create bespoke solutions for our clients. We also leverage our scale, particularly in food procurement, and are increasing the flexibility of our offer, ranging from different food models to digital or sustainability initiatives.

Our thought leadership and solutions in these areas are also often cited by clients as one of the reasons they outsource to Compass.

Performance

Compass has delivered another strong year, with organic revenue growth of 10.6%[1] and underlying operating margin improving by 30bps to 7.1%[1]. As a result, underlying operating profit grew by 16.4%[1] on a constant-currency basis to $2,998m[1] (2023: $2,576m).

Statutory revenue increased by 10.8% reflecting the strong trading performance. Statutory operating profit increased by 11.7% to $2,584m.

Cash flow generation remains robust, with underlying operating cash flow of $2,642m[1] (2023: $2,228m) and underlying free cash flow of $1,740m[1] (2023: $1,516m). Leverage (net debt to underlying EBITDA) remains well within the Group's guided range at 1.3x[1] as at 30 September 2024.

Our strong balance sheet provides us with flexibility to invest in future growth, both through M&A and capital expenditure, which was 3.7% of underlying revenue[1]. This was slightly higher than our guidance of 3.5% due to catch-up from the prior year.

Net M&A expenditure was $1,040m, the main outflows being HOFMANN[S] (Germany) and CH&CO (UK and Ireland), offset by an inflow from the disposal of Brazil. Subsequent to the year-end, the Group also completed the acquisition of Dupont Restauration, a food services business in France, and agreed to acquire 4Service AS, a catering and facility management services business in Norway.

The Group has refined its portfolio and has exited five countries during the year, those being Argentina, Angola, Brazil, mainland China and the United Arab Emirates. In addition, we have also agreed to exit Chile, Colombia, Mexico and Kazakhstan, subject to regulatory approval and completion procedures.

Revenue

Organic revenue growth was strong at 10.6%[1], including net new business growth of 4.2%[1], which remains above our historical level of approximately 3%, pricing of around 4% and like-for-like volume growth of around 2%. As expected, volume growth moderated during the year as we lapped strong prior year comparatives. Client retention rates remained strong at 96.0%.

On a statutory basis, revenue increased by 10.8% to $42,002m (2023: $37,907m).

Profit

Underlying operating profit increased by 16.4%[1] on a constant-currency basis, to $2,998m[1], with underlying operating margin at 7.1%[1] (2023: 6.8%). Strong margin progression was achieved across all regions, underpinned by our operational scale, efficiencies and appropriate levels of pricing to mitigate inflation.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.

Business review (continued)

Statutory operating profit was $2,584m (2023: $2,313m), an increase of 11.7%, with statutory operating margin of 6.2% (2023: 6.1%).

Statutory profit before tax of $2,056m (2023: $2,137m) includes net charges of $693m[1] (2023: $289m) which are excluded from underlying profit before tax, including net charges of $373m (2023: $94m) in relation to our strategic portfolio review to focus on the Group's core markets and acquisition-related charges of $244m (2023: $153m).

Charges related to our strategic portfolio review include a net loss of $203m (2023: net gain of $24m) on the sale and closure of businesses, including exit costs of $92m (2023: $14m) and a charge of $250m (2023: credit of $1m) in respect of the reclassification of cumulative currency translation differences. We exited five countries during the year and, in July, the Group agreed the sale of its businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed the sale of our business in Kazakhstan, subject to regulatory approval. As part of our strategic portfolio review, and considering country exits, ongoing advancement of technologies and the increased decentralisation of our business, we have reviewed our European regional business transformation ERP programme that commenced a number of years ago. We have decided to discontinue the implementation and roll out of our cross-market ERP programme and, accordingly, have recognised a charge of $160m as a specific adjusting item, which includes $146m for the non-cash impairment of work-in-progress head office (non-client-related) computer software assets. An impairment charge of $10m has been recognised in respect of our business in Qatar.

In the prior year, the net charge included the exit from seven tail countries and the sale of a business, site closures and contract renegotiations and terminations in the UK.

2025 guidance

The Group expects to achieve high single-digit underlying operating profit growth[2] in 2025 with organic revenue growth above 7.5%[1]. We expect underlying finance costs to be around $300m[1], with an underlying effective tax rate of around 25.5%[1].

The net impact of announced acquisitions, disposals and exits in 2024 and to date in 2025 is expected to reduce underlying operating profit by around $30m[1] in 2025.

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 as 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, with the interim dividend reflecting around one-third of the total annual dividend. The Board has proposed a final dividend of 39.1c which, including the interim dividend of 20.7c, gives a total dividend of 59.8c for 2024.

Shareholders appearing on the Register of Members or holding their shares through CREST will automatically receive their dividends in sterling, but have the option to elect to receive their dividends in US dollars. Details on how to elect to receive the final dividend in US dollars are provided on page 10.

At the date of this Announcement, $476m of the $500m share buyback announced in November 2023 had been completed, with the remainder scheduled to complete in December 2024. We prioritise investment in the business through capex and M&A to support future growth, with any surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns.

People

Our team of about 580,000 colleagues delivers exceptional experiences to clients and consumers worldwide every day. These dedicated professionals are the core of our business, and our people strategy is designed to identify, attract, develop, support, and retain the high-calibre talent essential for achieving our objectives.

Our goal is to provide lifelong opportunities for diverse individuals from the communities we serve, ensuring they work in a positive and secure environment. This approach is bolstered by empowered teams and proactive leaders, grounded in respect, teamwork, and growth.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.
2. On a constant-currency basis, including announced acquisitions, disposals and exits in 2024 and to date in 2025.

Business review (continued)

When sourcing new talent, we assess the specific requirements of each sector and organisational level, adjusting our recruiting strategies accordingly. For example, our North America business employs targeted campaigns, process automation, AI, and other tools to locate suitable candidates and facilitate their engagement with the selection process in their preferred language and at convenient times.

We aspire to cultivate a diverse and inclusive workforce at all levels. Our focus is on treating everyone with fairness and respect, providing opportunities for growth and development, and fostering a positive, supportive workplace throughout their careers.

Recognising the challenges of daily life, we offer a variety of support measures to ensure our employees' wellbeing, encompassing physical, financial, and mental health.

Purpose

We are dedicated to building a sustainable future for everyone. We harness our passion for food, advocate for responsible sourcing, and reduce food waste on a large scale to drive global change and improve lives.

Through culinary innovation, collaboration, and partnerships, we are committed to achieving climate net zero across our global operations by 2050 as part of our Planet Promise. This isn't achievable through a single solution; instead, we continually review and enhance our practices across the Group to amplify our impact and expedite our progress towards sustainability goals.

One significant initiative demonstrating our commitment to reducing food waste is linking a food waste-related KPI to the annual bonus plan of our executive directors and senior management.

Our culinary teams and front-line staff understand the importance of minimising food waste and are utilising various waste-reduction technologies. For example, Waste Not 2.0 is our proprietary tablet-based online tracking tool for chefs, and has been deployed in 12 countries, helping kitchen teams to identify opportunities to reduce food waste and giving our unit managers tools to report on their carbon footprint.

Whilst the Group's absolute Scope 1, 2 and 3 emissions increased year on year due to new business wins, our overall greenhouse gas intensity ratio (normalised for revenue growth) reduced by 4% compared to 2023.

Part of our core identity is being an ethical, sustainable, and inclusive business. By integrating these principles into our culture, we aim to make a meaningful difference and positively influence the world. Our customers and partners increasingly align with these values, which are crucial for our growth goals and long-term success.

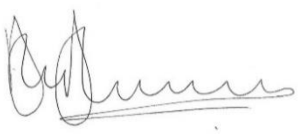
Summary

Our 2024 results were strong across all our key performance metrics. We delivered double-digit organic revenue growth and good margin progress, driving strong underlying operating profit growth. The Group remains very cash generative, enabling us to invest in future opportunities for growth and return capital to shareholders, whilst maintaining a strong balance sheet.

We have further improved the quality of our portfolio, having exited, or agreed to exit, nine countries. The Group is also increasing investment in its core markets, particularly in Europe, where there are significant first-time outsourcing opportunities. We are consistently delivering net new business growth in our target 4 to 5% range, with excellent client retention.

The Group is continuing to develop its sub-sector portfolio, particularly in Europe, where we have acquired, or agreed to acquire, four great businesses. These also provide us with additional resources and talent to help drive growth. We are also increasing investment in more flexible operating models and innovating our offer to meet more sophisticated consumer demands.

We remain excited about the significant global structural opportunities and continue to anticipate profit growth ahead of revenue growth. We expect our established value creation model to continue to deliver strong earnings momentum, rewarding shareholders with compounding returns over the long term.



Dominic Blakemore
Group Chief Executive Officer
26 November 2024

Financial review

Group performance

We manage and assess the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not defined by International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. The Group's APMs, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Accordingly, the relevant statutory measures are also presented where appropriate. Certain of the Group's APMs are financial Key Performance Indicators (KPIs) which measure progress against our strategy. The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.

	2024 $m	Restated[1] 2023 $m	Change
Revenue			
Underlying[2]	**42,176**	38,216	10.4%
Underlying (constant currency)[2]	**42,176**	38,147	10.6%
Organic[2]	**41,021**	37,075	10.6%
Statutory	**42,002**	37,907	10.8%
Operating profit			
Underlying[2]	**2,998**	2,592	15.7%
Underlying (constant currency)[2]	**2,998**	2,576	16.4%
Statutory	**2,584**	2,313	11.7%
Operating margin			
Underlying[2]	**7.1%**	6.8%	30bps
Statutory	**6.2%**	6.1%	10bps
Return on capital employed (ROCE)			
ROCE	**19.0%**	19.3%	(30)bps
Basic earnings per share			
Underlying[2]	**119.5c**	105.2c	13.6%
Underlying (constant currency)[2]	**119.5c**	104.3c	14.6%
Statutory	**82.3c**	92.2c	(10.7)%
Cash flow			
Underlying – free cash flow[2]	**1,740**	1,516	14.8%
Statutory – net cash flow from operating activities	**3,135**	2,536	23.6%
Dividend			
Full-year dividend per ordinary share	**59.8c**	52.6c	13.7%

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 48 to 55).

Financial review (continued)

Income statement

	2024			Restated[1] 2023		
	Statutory $m	**Adjustments $m**	**Underlying[2] $m**	Statutory $m	Adjustments $m	Underlying[2] $m
Revenue	**42,002**	**174**	**42,176**	37,907	309	38,216
Operating profit	**2,584**	**414**	**2,998**	2,313	279	2,592
Net (loss)/gain on sale and closure of businesses	**(203)**	**203**	**–**	24	(24)	–
Finance costs	**(325)**	**76**	**(249)**	(200)	34	(166)
Profit before tax	**2,056**	**693**	**2,749**	2,137	289	2,426
Tax expense	**(642)**	**(60)**	**(702)**	(525)	(63)	(588)
Profit for the year	**1,414**	**633**	**2,047**	1,612	226	1,838
Non-controlling interests	**(10)**	**–**	**(10)**	(5)	–	(5)
Attributable profit	**1,404**	**633**	**2,037**	1,607	226	1,833
Average number of shares	**1,705m**	**–**	**1,705m**	1,743m	–	1,743m
Basic earnings per share	**82.3c**	**37.2c**	**119.5c**	92.2c	13.0c	105.2c
EBITDA			**$4,145m**			$3,620m

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 48 to 55).

Statutory income statement

Revenue

On a statutory basis, revenue increased by 10.8% to $42,002m (2023: $37,907m).

Operating profit

Statutory operating profit was $2,584m (2023: $2,313m), an increase of 11.7%, with statutory operating margin of 6.2% (2023: 6.1%).

Statutory operating profit includes non-underlying item charges of $414m (2023: $279m), including acquisition-related charges of $235m (2023: $153m) and $170m (2023: $118m) of charges related to the strategic portfolio review.

As part of our strategic portfolio review, and considering country exits, ongoing advancement of technologies and the increased decentralisation of our business, we have reviewed our European regional business transformation ERP programme that commenced a number of years ago. We have decided to discontinue the implementation and roll out of our cross-market ERP programme and, accordingly, have recognised a charge of $160m as a specific adjusting item, which includes $146m for the non-cash impairment of work-in-progress head office (non-client-related) computer software assets. An impairment charge of $10m has been recognised in respect of our business in Qatar. In 2023, the net charge included the impact of site closures and contract renegotiations and terminations in the UK.

A full list of non-underlying items is included in note 14 (non-GAAP measures).

Net gain or loss on sale and closure of businesses

The Group has recognised a net loss of $203m (2023: net gain of $24m) on the sale and closure of businesses, including exit costs of $92m (2023: $14m) and a charge of $250m (2023: credit of $1m) in respect of the reclassification of cumulative currency translation differences. As part of our strategic portfolio review, we exited five countries during the year and, in July, the Group agreed the sale of its businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed the sale of our business in Kazakhstan, subject to regulatory approval.

Finance costs

Finance costs increased to $325m (2023: $200m) mainly reflecting both higher net debt and interest rates during the year, together with a partial reversal of the fair value gains on derivatives held to minimise volatility in short-term underlying finance costs in previous years.

Tax expense

Profit before tax was $2,056m (2023: $2,137m) giving rise to an income tax expense of $642m (2023: $525m), equivalent to an effective tax rate of 31.2% (2023: 24.6%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023 and the impact of non-taxable non-underlying items.

Financial review (continued)

Earnings per share

Basic earnings per share was 82.3c (2023: 92.2c), a decrease of 10.7%, as the higher operating profit is more than offset by the impact of the reclassification of cumulative currency translation differences on sale of businesses, higher finance costs and higher effective tax rate.

Underlying income statement

Revenue

Organic revenue growth was strong at 10.6%, including net new business growth of 4.2%, which remains above our historical level of approximately 3%, pricing of around 4% and like-for-like volume growth of around 2%. As expected, volume growth moderated during the year as we lapped strong prior year comparatives.

Growth in underlying revenue was broad-based reflecting double-digit organic revenue growth, especially in North America and Europe, and also the contributions from significant acquisitions during the year. This was partly offset by the impact of exits from non-core countries as part of the Group's strategy to focus on our larger developed markets and de-risk our portfolio. Client retention rates remained strong at 96.0%.

Operating profit

Underlying operating profit increased by 16.4% on a constant-currency basis, to $2,998m, with underlying operating margin at 7.1% (2023: 6.8%). Strong margin progression was achieved across all regions, underpinned by our operational scale, efficiencies and appropriate levels of pricing to mitigate inflation.

Finance costs

Underlying finance costs increased to $249m (2023: $166m) mainly reflecting both higher net debt and interest rates during the year.

Tax expense

On an underlying basis, the tax charge was $702m (2023: $588m), equivalent to an effective tax rate of 25.5% (2023: 24.2%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023. The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

Earnings per share

On a constant-currency basis, underlying basic earnings per share increased by 14.6% to 119.5c (2023: 104.3c) reflecting the higher profit for the year.

Balance sheet

Liquidity

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

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. A $352m US Private Placement (USPP) note matured and was repaid in October 2023. In February 2024, the Group issued a €750m ($806m) fixed-rate sustainable bond maturing in February 2031. The new bond effectively pre-financed a €750m ($809m) bond which matured and was repaid in July 2024. In September 2024, the Group issued a €500m ($557m) fixed-rate sustainable bond maturing in September 2033. The maturity profile of the Group's principal borrowings at 30 September 2024 shows that the average period to maturity is 4.6 years (2023: 3.3 years).

The Group's USPP notes contain leverage and interest cover covenants which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.1 times and 19.6 times, respectively, at 30 September 2024. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 30 September 2024, the Group had access to $3,236m (2023: $3,271m) of liquidity, including $2,683m (2023: $2,441m) of undrawn bank facilities committed to August 2026 and $553m (2023: $830m) of cash, net of overdrafts. Our credit ratings remain strong investment grade: Standard & Poor's A/A-1 long-term/short-term (outlook Stable); and Moody's A2/P-1 long-term/short-term (outlook Stable).

Financial review (continued)

Net debt

Net debt has increased by $932m to $5,391m (2023: $4,459m). The Group generated $1,675m of free cash flow and received $327m in respect of the sale of its 19% effective interest in ASM Global Parent, Inc., which was more than offset by $999m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, dividends of $963m and share buybacks of $577m. Adverse exchange translation was $143m. Cash net of lease liabilities of $34m in Chile, Colombia and Mexico has been reclassified to held for sale in the Group's balance sheet at 30 September 2024.

At 30 September 2024, the ratio of net debt to underlying EBITDA was 1.3x (2023: 1.2x). 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 accounting surplus in the Compass Group Pension Plan is $542m at 30 September 2024 (2023: $525m). The deficit in the rest of the Group's defined benefit pension schemes has increased to $1,274m (2023: $983m). The net deficit in these schemes is $154m (2023: $130m) including investments of $1,120m (2023: $853m) held in respect of unfunded pension schemes and the US Rabbi Trust arrangements which do not meet the definition of pension assets under IAS 19 Employee Benefits.

The total pensions operating charge for defined contribution schemes in the year was $289m (2023: $254m) and $41m (2023: $37m) for defined benefit schemes.

Return on capital employed

Return on capital employed was 19.0% (2023: 19.3%) based on net underlying operating profit after tax. Excluding the effect of the higher underlying effective tax rate of 25.5% (2023: 24.2%), the impact of recent business acquisitions on capital employed was offset by the Group's strong trading performance.

Cash flow

Free cash flow

Free cash flow totalled $1,675m (2023: $1,425m). During the year, we made cash payments totalling $24m (2023: $70m) in relation to restructuring and strategic programmes and the one-off pension charge. Adjusting for this, and for acquisition transaction costs of $41m (2023: $21m) which are reported as part of operating cash flow, underlying free cash flow was $1,740m (2023: $1,516m), with underlying free cash flow conversion at 85.0% (2023: 82.5%). Underlying profit for the year has replaced underlying operating profit as the denominator in the calculation of underlying free cash flow conversion. Underlying free cash flow conversion would be 58.0% (2023: 58.5%) using underlying operating profit as the denominator.

Capital expenditure of $1,541m (2023: $1,098m) is equivalent to 3.7% (2023: 2.9%) of underlying revenue. The working capital inflow, excluding provisions and pensions, was $186m (2023: outflow of $120m). The net interest outflow increased to $228m (2023: $147m) consistent with the higher underlying finance costs in the year. The net tax paid was $693m (2023: $539m), which is equivalent to an underlying cash tax rate of 25.2% (2023: 22.2%).

Acquisition and disposal of businesses

The Group spent $1,224m (2023: $408m) on business acquisitions during the year, net of cash acquired, including $878m on CH&CO in the UK and Ireland and HOFMANN[S] in Germany (including the repayment of acquired borrowings), $285m on bolt-on acquisitions and interests in joint ventures and associates, and $61m of deferred and contingent consideration and other payments relating to businesses acquired in previous years.

The Group received $225m (2023: $58m) in respect of disposal proceeds net of exit costs, which primarily comprises the sale of businesses in five countries during the year.

Including $41m (2023: $21m) of acquisition transaction costs included in net cash flow from operating activities, the total net cash spent on the acquisition and disposal of businesses is $1,040m (2023: $371m).

Sale of 19% effective interest in ASM Global Parent, Inc.

The Group received $327m in respect of the sale of its 19% effective interest in ASM Global Parent, Inc. in August 2024.

Dividends paid

Dividends paid in 2024 of $963m represents the 2023 final dividend ($606m) and the 2024 interim dividend ($357m).

Financial review (continued)

Purchase of own shares

The cash outflow in respect of share buybacks totalled $577m during the year, which comprises $185m in respect of the completion of the share buyback announced in May 2023 and $392m in respect of the $500m share buyback announced in November 2023. The share buyback is scheduled to complete in December 2024.

Foreign exchange translation

The $143m (2023: $91m) loss on foreign exchange translation of net debt primarily arises in respect of the Group's sterling and euro debt.

Other movements

Other movements primarily comprises fair value movements on derivative financial instruments used to manage the Group's interest rate exposure and lease liabilities acquired through business acquisitions.

Shareholder returns

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend, with the interim dividend reflecting around one-third of the total annual 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, which total £2,457m at 30 September 2024 (2023: £2,379m).

An interim dividend of 20.7c per share (2023: 17.9c per share), $357m in aggregate, was paid in July 2024. It is proposed that a final dividend of 39.1c per share (2023: 34.7c per share), $664m in aggregate, be paid on 27 February 2025 to shareholders on the register on 17 January 2025. This will result in a total dividend for the year of 59.8c per share (2023: 52.6c per share), $1,021m in aggregate (2023: $940m). The dividend is covered 2.0 times on an underlying earnings basis.

Shareholders appearing on the Register of Members or holding their shares through CREST will automatically receive their dividends in sterling, but have the option to elect to receive their dividends in US dollars. The closing date for the receipt of dividend currency elections is 3 February 2025. The sterling equivalent of the 2024 final dividend will be announced on 11 February 2025.

For shares held in certificated form on the register, US dollar elections can be made by contacting our share registrar, Link Group. Link's contact details can be found on our website under Dividend Information.

A Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 6 February 2025.

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 29. The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 17 to 20 that could adversely impact the performance of the Group, although we believe we have the ability to mitigate those risks as outlined on pages 17 to 20.

At the date of this Announcement, $476m of the $500m share buyback announced in November 2023 had been completed, with the remainder scheduled to complete in December 2024. We prioritise investment in the business through capex and M&A to support future growth, with any surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns.

Financial review (continued)

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. Where the borrowings are less than, or equal to, the net investment in overseas operations, these exchange rate variances may be treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.

Non-dollar 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 or options so that the interest rates on at least 80% of the Group's projected debt are fixed or capped for one year. For the second and third years, 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 Business Integrity Policy.

After many years of operation, 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.

In an increasingly complex international corporate tax environment, a degree of tax risk and uncertainty is, however, inevitable. Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross-border transactions. 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.

Financial review (continued)

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 Company 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 17 to 20.

Related party transactions

Details of transactions with related parties are set out in note 12 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 to continue as a going concern are discussed on page 29.

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 29, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period to 31 March 2026. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Regional review

	Underlying revenue[1]		Change			Statutory revenue		Change
	2024	Restated[2] 2023	Reported rates	Constant currency	Organic	**2024**	Restated[2] 2023	Reported rates
	$m	$m	%	%	%	**$m**	$m	%
North America	**28,581**	25,768	10.9%	10.9%	10.5%	**28,557**	25,745	10.9%
Europe	**9,887**	8,598	15.0%	14.3%	11.9%	**9,737**	8,312	17.1%
Rest of World	**3,708**	3,850	(3.7)%	(0.8)%	8.5%	**3,708**	3,850	(3.7)%
Total	**42,176**	38,216	10.4%	10.6%	10.6%	**42,002**	37,907	10.8%

	Underlying operating profit[1]		Change	Underlying operating margin[1]		Statutory operating profit		Statutory operating margin	
	2024	Restated[2] 2023	Constant currency	**2024**	2023	**2024**	Restated[2] 2023	**2024**	2023
	$m	$m	%	**%**	%	**$m**	$m	**%**	%
North America	**2,335**	2,019	15.7%	**8.2%**	7.8%	**2,251**	1,931	**7.9%**	7.5%
Europe	**583**	479	22.0%	**5.9%**	5.6%	**380**	297	**3.9%**	3.5%
Rest of World	**224**	214	10.3%	**6.0%**	5.6%	**224**	205	**6.0%**	5.3%
Unallocated overheads	**(144)**	(120)				**(271)**	(120)		
Total	**2,998**	2,592	16.4%	**7.1%**	6.8%	**2,584**	2,313	**6.2%**	6.1%

1. Alternative Performance Measure (APM) (see pages 48 to 55).
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.

North America – 67.8% of Group underlying revenue (2023: 67.4%)

Underlying

Operating profit growth was 15.7% on a constant-currency basis, increasing to $2,335m, driven by strong revenue growth and operating margin progression.

Organic revenue growth was 10.5%, driven by net new business growth, appropriate levels of pricing and like-for-like volume growth. Client retention rates remained strong at 96.4%.

Growth rates were high single-digit or greater across all sectors, and notably strong in Business & Industry driven by net new business growth and like-for-like volumes, which benefited from the continued ‘return to office’ trend and value proposition versus the high street. Across our other sectors, Sports & Leisure and Education continued to benefit from high attendance levels and per capita spend levels, while Healthcare & Senior Living business performance included strong retail sales and new business openings.

Operating margin increased by 40bps to 8.2% driven by management productivity initiatives, cost control and appropriate levels of pricing.

The region continues to acquire high-quality businesses and talent within our existing sectors, with a particular focus on vending.

Statutory

Statutory revenue increased by 10.9% to $28,557m reflecting the strong organic revenue growth.

Statutory operating profit was $2,251m (2023: $1,931m), with the difference from underlying operating profit being acquisition-related charges of $84m (2023: $88m).

Regional review (continued)

Europe – 23.4% of Group underlying revenue (2023: 22.5%)

Underlying

The region continues to benefit from ongoing investments in its people, brands and processes. Operating profit was $583m, representing growth of 22.0% on a constant-currency basis, driven by double-digit revenue growth, strong margin progression and the impact of acquisitions during the year.

Organic revenue growth of 11.9% comprised net new business growth, volume growth and pricing. Client retention rates at 95.5% remain significantly above historical levels. All sectors delivered high single-digit growth rates or above, with double-digit growth rates achieved in Business & Industry, Education and Defence, Offshore & Remote.

Operating margin increased by 30bps to 5.9%, reflecting management focus across the portfolio, ongoing operational efficiencies and appropriate levels of pricing.

We have increased our focus on M&A with significant acquisitions to deepen our sectorisation and sub-sectorisation strategy, unlock new capabilities and increase the flexibility of our operating model. During the year, we acquired HOFMANN^{S} in Germany and CH&CO in the UK and Ireland. Subsequent to the year-end, we also completed the acquisition of Dupont Restauration in France and agreed to acquire 4Service AS in Norway. Additionally, as part of our focus on core markets, we exited our joint venture in the United Arab Emirates.

Statutory

Statutory revenue increased by 17.1% to $9,737m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

Statutory operating profit was $380m (2023: $297m), with the difference from underlying operating profit mainly reflecting acquisition-related charges of $151m (2023: $56m) and charges related to the Group's strategic portfolio review of $43m (2023: $118m).

Rest of World – 8.8% of Group underlying revenue (2023: 10.1%)

Underlying

Operating profit grew by 10.3% on a constant-currency basis, to $224m, driven by strong organic revenue growth and margin progression. This growth was despite the impact of exits from our operations in four non-core countries during the year.

Organic revenue growth was 8.5% and strongest in our Business & Industry sector, particularly in India, driven by high levels of net new business growth and the 'return to office' trend. All other sectors delivered mid-to-high single-digit organic revenue growth underpinned by net new business growth, like-for-like volume growth and pricing. Client retention rates remained above historical levels at 94.3%.

Operating margin increased by a further 40bps to 6.0% reflecting the benefits from strong focus on our core markets, including Australia, Japan and India.

As part of the Group's strategy to increase focus on its core markets, we exited Argentina, Angola, mainland China and Brazil during the year and agreed to exit our businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed to exit our business in Kazakhstan, subject to regulatory approval.

Statutory

Statutory revenue decreased by 3.7% to $3,708m reflecting the non-core business disposals. There is no difference between statutory and underlying revenue.

Statutory operating profit was $224m (2023: $205m), with the difference from underlying operating profit in 2023 being acquisition-related charges of $9m.

Risk management

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 establishing 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 mindset 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 17 to 20) are assessed and prioritised biannually. In accordance with the Financial Reporting Council'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 Management Policy.

The Audit Committee annually reviews the effectiveness of the Group's approach to risk management and any changes to the Risk Management Policy and recommends the principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval.

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 (RGCs) 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 each 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 percentage 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.

Risk management (continued)

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 Group'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, 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.

The democratisation of generative artificial intelligence (AI) has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including breach of data confidentiality and data privacy, and other intellectual property-related risks. In response, to mitigate these risks, Compass has implemented principles-based rules that apply globally, and we have developed a framework for responsible use of AI to support all our markets.

The ongoing tensions in the Middle East and the Russia-Ukraine conflict have elevated geopolitical risks and while we do not operate directly in those countries currently affected, we do have interests elsewhere in Europe and the Middle East. We continue to monitor these situations closely with the safety and security of the Group's employees front of mind.

Our principal risks

Over recent years, we have reviewed our global portfolio of operations and as part of this we have exited a number of countries deemed both higher-risk and non-core to our long-term business objectives.

This has significantly reduced our risk exposure in certain areas including political instability, economic volatility, employee welfare (particularly foreign migrant labour risks) and international tax. Risks arising in the immediate aftermath of the COVID-19 pandemic have also reduced.

As a result, certain risks (Political instability and International tax as set out in Annual Report 2023) are no longer considered to be principal risks while others have been combined and streamlined.

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.

The principal risks and uncertainties facing the business at the date of this Announcement are set out on pages 17 to 20. These risks are not listed in any order of priority.

Other risks

The principal risks do not comprise all the risks that the Group may face. The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks. 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 Announcement, may also have an adverse effect on the Group.

Principal risks

Risk and description	Mitigation
Climate change ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** The impact of climate change on the environment may lead to issues around food sourcing and security, 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.	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. The Task Force on Climate-related Financial Disclosures scenario analysis helps inform the materiality of these risks. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas (GHG) emissions. 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.
Food safety[1] ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** Compass Group companies feed millions of consumers every day. For that reason, setting the highest standards for food hygiene and safety is paramount. Safety breaches could cause serious business interruption and could result in criminal and/or civil prosecution, increased costs and potential damage to the Company's reputation.	Management meetings throughout the Group feature a health and safety update (food safety and/or occupational safety) as one of their first substantive agenda items. Food 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 our Global Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.
Occupational safety[1] ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** Compass Group companies employ hundreds of thousands of people globally. Ensuring the safety of our employees, consumers, and suppliers is our top priority. Failure to comply with workplace safety standards can result in injuries to employees, clients and consumers, or other third parties, potentially causing operational disruptions and adverse financial, legal, and reputational consequences.	In addition to the priority focus in management meetings, occupational safety improvement KPIs are included in the annual bonus plans for each of the businesses' management teams. Our safety framework outlines the methods for executing and reporting safety measures, ensuring a secure environment for colleagues, contractors, and consumers. We regularly update and refine the health and safety framework to address any challenges that may emerge from operational changes. Group standards are supplemented in country with occupational safety standards that meet local regulatory conditions.

1. Combined under Health and safety risk in Annual Report 2023.

Key
- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP
- ❶ MAP 1: Client sales and marketing
- ❷ MAP 2: Consumer sales and marketing
- ❸ MAP 3: Cost of food
- ❹ MAP 4: In-unit costs
- ❺ MAP 5: Above-unit overheads

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Pandemic ❶ ❷ ❸ ❹ ❺ 2024 (decreasing) 2023 (decreasing) **Strategic pillar link:** People, Performance, Purpose The Group's operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures. Compass recovered well and learned from the pandemic, and this risk has now diminished. However, outbreaks of another pandemic, could cause further business risk.	Operations and working practices have been adjusted to retain the skills and experience of colleagues and provide flexibility in the event of another pandemic which leads to a resumption of containment measures. To protect the Group's employees, clients and consumers, in the event of another pandemic, 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, would be adopted. 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 monitored for effectiveness and regularly reviewed to ensure they reflect evolving best practice.
Talent[1] ❹ ❺ 2024 (static) 2023 (decreasing) **Strategic pillar link:** People, Performance Attracting, 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. Changes to economic conditions may increase the risk of attrition at all levels of the organisation.	Leadership succession planning is performed at Board, regional and country-levels. The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support its skilled workforce, including an increasing focus on global mobility and opportunities. The Group has a number of well-established initiatives which help to monitor levels of engagement and to respond to the needs of employees. Specifically, Compass has increased its local focus and employee support on mental health awareness, stress management and resilience and the provision of financial advice and assistance to better equip its people in times of uncertainty and change.
Sales and retention[2] ❶ ❷ 2024 (static) 2023 (static) **Strategic pillar link:** People, Performance The Group's growth ambitions rely on sustainably driving positive net new business through securing and retaining a diverse range of clients. 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. The potential loss of material client contracts and the inability to secure additional new contracts in a competitive market is a risk to Compass' businesses. The emergence of new industry participants and traditional competition using disruptive technology could adversely affect the Group's businesses.	Compass has strategies based on quality, value, innovation and investment in new technologies that strengthen its long-term relationships with its clients and consumers. 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 AI. 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. 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. Compass continues to evolve its offer to increase participation rates and service sites of different sizes.

1. Combines and streamlines risks relating to Recruitment and Retention and motivation as set out in Annual Report 2023.
2. Incorporates and streamlines risks relating to Service delivery, contractual compliance and retention, and Competition and disruption as set out in Annual Report 2023.

Key
- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP
- ❶ MAP 1: Client sales and marketing
- ❷ MAP 2: Consumer sales and marketing
- ❸ MAP 3: Cost of food
- ❹ MAP 4: In-unit costs
- ❺ MAP 5: Above-unit overheads

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Geopolitical ❶ ❷ ❸ ❹ ❺ 2024 Static risk 2023 Increased risk **Strategic pillar link:** People, Performance The conflict in the Middle East and the ongoing Russia-Ukraine war have increased geopolitical risks, heightened national security threats in those regions, and disrupted the global energy market. These factors contribute to risks such as economic volatility including cost inflation and cybersecurity threats.	As a Group, Compass is monitoring the situation closely with the safety and security of the Group's employees front of mind. Whilst we do not operate in Israel or the Palestinian territories, we do have interests elsewhere in the Middle East. Compass has permanently exited the Russian market and moved away from all known Russian suppliers. The Group has in place strategies to manage economic volatility including cost inflation and cybersecurity threats.
Economic volatility[1] ❶ ❷ ❸ ❹ ❺ 2024 Decreasing risk 2023 Static risk **Strategic pillar link:** People, Performance Certain sectors of Compass' business could be susceptible to negative shifts in the economy and employment rates. Compass has strategically exited a number of countries with high economic volatility. This move, coupled with improved economic conditions in our primary markets, has reduced the risks affecting the Group.	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. 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 through the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients. Our success in managing cost inflation also provides an opportunity, as the scale and maturity of our procurement operations allows us to manage supply chain price increases more effectively than some of our competitors and in-house operations. We believe this is a factor in increasing levels of first-time outsourcing.
Business ethics and integrity[2] ❶ ❷ ❸ ❹ ❺ 2024 Static risk 2023 Static risk **Strategic pillar link:** People, Performance, Purpose Ineffective compliance management systems, lack of an embedded business integrity culture or serious violation of our policies, relevant laws, or regulations (including but not limited to anti-bribery and corruption, anti-competitive behaviour, fraud, money laundering, tax evasion, trade and economic sanctions, human rights and modern slavery, and data protection), could result in civil and/or criminal proceedings leading to significant fines, sanctions, financial loss and reputational harm. Regulatory expectations and new laws in these areas are being introduced in certain countries and regions, with a heightened focus on corporate enforcement, accountability and supply chain resilience.	The Group's zero-tolerance-based Code of Business Conduct (CBC), Business Integrity Policy (BIP) and Human Rights Policy (HRP), 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 (EIP). The Group's risk management process helps identify major risks and informs the regular monitoring, effectiveness testing and review of key areas of our internal control framework. A strong culture of integrity is promoted through Compass' EIP (including training and awareness activities) and its independently operated SpeakUp, We're Listening helpline and web platform. All alleged breaches of the CBC, BIP and the HRP, and other serious misconduct, are followed up and investigated (as appropriate). 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 continued implementation of the HRP, the work of the Human Rights Working Group, the engagement of external specialist advisers, e-learning and continued efforts to improve the Group's human rights due diligence through supplier evaluation and labour agency reviews. The strategic exit of several countries has helped to lower the risk around employee welfare.

1. Incorporates risk relating to Cost inflation as set out in Annual Report 2023.
2. Combines and streamlines risks relating to Social and ethical standards, and Compliance and fraud as set out in Annual Report 2023.

Key

- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP

❶ MAP 1: Client sales and marketing
❷ MAP 2: Consumer sales and marketing
❸ MAP 3: Cost of food
❹ MAP 4: In-unit costs
❺ MAP 5: Above-unit overheads

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Cybersecurity and data privacy ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ↑ **Strategic pillar link:** The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data, data privacy breaches and damage to brand reputation through, for example, the increased threat of cyber-attacks, and use and instantaneous nature of social media. Disruption caused by the failure of key software applications, security controls, or underlying infrastructure, or disruption caused by cyber-attacks could impact day-to-day operations and management decision-making or result in a regulatory fine or other sanction and/or third-party claims. The incidence of sophisticated phishing and malware attacks (including ransomware) on businesses is rising with an increase in the number of companies suffering operational disruption, unauthorised access to and/or loss of data, including confidential, commercial, and personal identifiable data. A combination of geopolitical instability and accessibility of sophisticated AI enabled tools and techniques have contributed to an increase in the risk of phishing and malware attacks including ransomware across all industries. The democratisation of generative AI has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including to data privacy and confidentiality.	Compass continually assesses its cyber risk, and monitors and manages the maturity of its enterprise infrastructure, platforms and security controls to ensure that it can effectively prevent, detect and respond to current or future cyber attacks. Appropriate crisis management procedures are in place to manage issues in the event of a cyber incident occurring. Our response protocols are supported by using industry-standard tooling, experienced IT and security professionals, and external partners to mitigate potential impacts. Assurance is provided by regular compliance monitoring of our key information technology control framework, which is designed to prevent and defend against cyber threats and other risks. 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 continues to invest in technology and specialist resources in order to further strengthen its platforms, cyber-security defences and controls to prevent and detect cyber threats and respond to attacks in order to mitigate the risk of operational disruption, technology failure, unauthorised access to and/or loss of data. The Group has implemented configuration changes designed to block phishing emails, increased awareness campaigns, and provided cyber training to help employees identify these kinds of attacks. In response to the potential risks posed by AI, Compass has implemented principles-based rules that apply globally, and we are currently developing a framework for the responsible use of AI in all our markets. Information systems, technology and cyber-security 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.

Key
- ↑ Increased risk
- ➔ Static risk
- ↓ Decreasing risk
- New risk

Link to MAP
- ❶ MAP 1: Client sales and marketing
- ❷ MAP 2: Consumer sales and marketing
- ❸ MAP 3: Cost of food
- ❹ MAP 4: In-unit costs
- ❺ MAP 5: Above-unit overheads

Alignment with our strategic focus areas

People Performance Purpose