Registered number: 00842846

SODEXO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

COMPANY INFORMATION

Directors	Stuart Carter Sean Haley Mark Goodyer Jean Renton Angelo Piccirillo Sebastien De Tramasure (appointed 1 May 2024)
Company secretaries	Gareth John Sodexo Corporate Services (No.2) Limited
Registered number	00842846
Registered office	One Southampton Row London WC1B 5HA
Independent auditor	KPMG LLP Chartered Accountants 1 St Peter's Square Manchester M2 3AE

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The directors present their annual report and audited financial statements for the year ended 31 August 2023.

Principal activities

Sodexo Limited (The "Company") is a wholly owned subsidiary of Sodexo Holdings Limited and operates as part of the group's UK business. Its ultimate parent is Sodexo S.A., a French company listed on the Paris Euronext. Sodexo operates in 45 countries, employing 430,000 people in the provision of a wide range of food services, soft services and technical services.

The principal activities of the Company are the provision of a wide range of on-site support services to both private and public sector organisations across the United Kingdom.

Performance of the business

The Company's turnover remained robust despite experiencing a slight reduction from £1,472m in 2022 to £1,399m in 2023. This decrease can be attributed to the cessation of one-off turnover in 2022 being project related services within Health & Care segment. This was partially offset by an increase in Corporate Services, Sports & Leisure, and Government segments, which continued to perform well during the year.

At operating profit level, there was a decrease from £71m in 2022 to £51m in 2023, which was predominantly relating to completion of project related services.

The net assets of the Company were £245m at 31 August 2023 compared to £359m in the prior year, being a reduction of £114m. The majority of the reduction relates to a £68m actuarial loss on the pension as well as dividend payments of £80m made to its parent company, Sodexo Holdings Ltd, netted off against the 2023 profit after tax of £40m. The intangible assets has increased from £0.5m to £1.9m due to capitalization of various IT related project costs.

Financial key performance indicators

The Company's strategy is one of measured growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs:

- Growth in turnover;
- Operating profit margin;
- Days Sales Outstanding ("DSO");

Turnover of £1,399m for the year has decreased by 4.9% against the £1,472m achieved in 2022 reflecting the cessation of one-off Covid-19 services partially offset by growth within Corporate Service, Sports & Leisure and Government segments.

The operating profit margin in 2023 was 3.6% as compared to 4.8% in 2022, with the reduction due to the high margin achieved for the Covid-19 services which ceased in the prior year.

The DSO measures the average number of days required for the Company to receive payments from it's customers. The DSO has decreased from 38 days in 2022 to 35 days in 2023 due to reduction in overdue receivables .

Principal risks and uncertainties

The Company is exposed to a number of principal risks and uncertainties that are monitored and managed through the company's risk management framework. The most significant risks that may adversely affect the financial performance, operational and reputation risk on the company are outlined below.

Quality, safety, health and environment ("QSHE") risks

The health and safety of our colleagues, clients and their customers remain a core priority. The QSHE board provides strategic direction, measures performance, and supports training for all colleagues. The culture of good health and safety is embedded, monitored and improved continuously through actions across and within all operations.

Competitive risks

The Company operates in a highly competitive, low margin marketplace where there is a risk that the Company could lose sales to its key competitors. The Company manages this risk by having a diversified portfolio of contracts, with innovation and service excellence. It focuses on building strong relationships with client and customers to deliver high levels of retention and win new contracts and clients.

Regulatory risks

The nature of Sodexo's business means that it is subject to a wide variety of laws and regulations including labour law, corporate law, and health, safety, and environmental law. Sodexo has strong internal governance in place to ensure compliance with these laws and regulations and to manage change effectively.

Economic risks

Sodexo is exposed to fluctuations in the cost and supply of food, labour and other goods. Many of Sodexo contracts include certain clauses allowing for increases in prices or menu changes. During inflationary periods such as now, the established upfront planning of inflation recovery with clients, tariff management, cost optimisation, and steps to secure supply at competitive prices are critical to protect margins.

During 2022 and 2023, both short term and longer-term interest rates in the UK increased materially and in the autumn of 2022 new fiscal policies were announced in the UK. The increases in the long-term gilt yields have reduced pensions liability. The scheme has a high degree of hedging and remains on track to the funding plan set agreed at the 2021 valuation.

Climate risks

Sodexo is also affected by various climate related risks which include physical and transition risks. The most significant risks relating to climate which impact Sodexo have been explained within the Climate-related Financial Disclosure section.

Service delivery and contractual compliance/retention risks

The Company contracts with a large number of clients from various sectors. Failure to comply with the terms of these contracts including proper delivery of services could lead to the loss of business and, damage to our reputation and /or claims against the Company. We look to mitigate these risks by operating a defined list of services and a control framework that monitors the performance of these services against the required contract terms and conditions.

The Companies (Miscellaneous Reporting) Regulations 2018

Under The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to make disclosures in the following areas:

- A description of how the Directors have addressed the requirements of the Companies Act 2006 section 172(1) (a)-(f) in carrying out their duties as directors during the year.
- A description of how the directors have had regard to suppliers, customers and employees as well as the resulting effect on the principal decisions of the Company.
- A description of the Company's corporate governance arrangements for the year.

The Wates Corporate Governance Principles for Large Private Companies have been followed during the year ended 31 August 2023. Further detail on the Company's application of these principles is shown in more detail within the Directors' Report.

Disclosure of the Company's application of Principle 6 - Stakeholder Relationships and Engagement, is also considered to explain how the directors have met the requirements of section 172 of the Companies Act 2006 and how they have had regard to suppliers, customers and employees. Further disclosure is therefore not provided on these topics within the Strategic Report.

Non-financial and sustainability information statement

Information related to non-financial matters detailed under section 414CB of the Companies Act 2006 can be found within Directors' Report.

This report was approved by the board and signed on its behalf.

Jean Renton
Director

Date: 30 May 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The directors present their report and the financial statements for the year ended 31 August 2023.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company forms part of the Sodexo UK and Ireland group of companies, together the "UK&I Group", which is part of the wider Sodexo Group headed by Sodexo S.A., a company incorporated in France. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government, and healthcare. The company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations.

The company meets its day to day working capital requirements from operational cash flows and intercompany loan arrangements within the UK&I Group. The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, the UK&I Group remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continues to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade of the UK&I Group for at least 12 months following the date of approval of these accounts, based on the facts we have as at the date of approval of these financial statements. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macroeconomic environment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Proposed dividend

A dividend of £80,000,000 (2022: £Nil) was paid during the year ended 31 August 2023. An interim dividend of £57,000,000 was subsequently proposed and paid post year-end on 15 December 2023 in respect of the financial year ended 31 August 2023, to Sodexo Holdings Ltd (100% shareholder).

The directors have not proposed any further final ordinary dividend in respect of the current financial year (2022: £Nil).

Directors

The directors who served during the year were:

Stuart Carter
Sean Haley
Mark Goodyer (appointed 9 November 2022)
Jean Renton
Sarah Perry (resigned 9 November 2022)
Angelo Piccirillo
Marc Rolland (resigned 1 May 2024)

Qualifying third party indemnity provisions

The Company maintains insurance for directors and officers in respect of their duties as directors and officers of the Company.

Political and charitable contributions

The Company made no political contributions during the year (2022: £Nil).

Donations to UK charities amounted to £161,166 (2022: £165,471).

The Sodexo Stop Hunger Foundation, our UK registered charity, aims to educate and provide relief from hardship in relation to health, nutrition and well-being. The Company operates and contributes to Sodexo Stop Hunger Foundation's Stop Hunger campaign which supports charitable organisations that promote healthy eating and lifestyles, provide food to those in need and deliver basic life skills training. This is achieved by providing financial support, sharing expertise and volunteering time.

Future developments

The stability of the current portfolio enhances the capacity of the Company to further grow the business by acquiring new contracts during the next financial year. At the same time the Company will continue to focus on ensuring it continues to deliver a high quality of service to our clients and customers and that returns are maximised.

Engagement with employees

Please refer to principle 6 in the Statement of Governance for further detail on the Company's engagement with employees.

Employment of disabled employees

As a Disability Confident Leader accredited company, we are committed to supporting the attraction, development and retention of disabled people. We partner with a number of social enterprises and our clients to run a range of successful work placement schemes varying from job coaching, a few weeks work experiences to full one year work placements with accredited on the job qualification opportunities. Many of these have converted into permanent positions.

Our reasonable adjustment policy facilitates access to work where needed and we run a number of programmes and initiatives to facilitate 'disability confidence' amongst all our employees.

Climate-related Financial Disclosure

Sodexo is committed to reaching net zero by 2040 globally.

Net zero means drastically reducing emissions by 90% and then physically removing from the atmosphere the remaining emissions. The Science Based Targets Initiative ("SBTi") has defined what net zero means for companies according to science; this is the methodology followed by Sodexo.

In 2021, Sodexo Limited had both its near and long-term science-based targets validated by the SBTi, providing assurance that our net zero journey is thorough, impactful and transparent. We have been accelerating our journey that started in 2010 through our partnership with the World Wildlife Fund ("WWF") who have provided support in measuring emission sources and providing confidence in the actions required to reduce them.

With 99% of our total Greenhouse Gas ("GHG") emissions coming from indirect scope 3 sources, such as the supply chain, energy consumption at client sites, as well as food waste, achieving our climate targets will require a gradual and profound transformation of our operations across the entire value chain.

Governance & Risk Management

Sodexo UK&I CEO oversees our regional climate strategy and is responsible for ensuring governance arrangements are in place to assess and manage climate related risks and opportunities. Specialist appointments were made in 2021 to develop the regional climate strategy, including a Sustainability Director and a Net Zero Lead. They also ensure close alignment with our Group company, Sodexo SA.

Climate-related risks and opportunities are identified through our regional ESG Committee, which comprises experts across a range of functions, including Legal, QSHE, Corporate Responsibility, HR, Finance, Waste and Energy Management. The ESG Committee meets bi-monthly and is responsible for raising, reviewing and capturing climate related risks and opportunities on our regional risk management system at the subsidiary level. New and emerging key risks are reported to the regional Risk Management Committee via a quarterly assurance statement.

The Risk Management Committee ("RMC") evaluates the critical risks and opportunities relevant to the business strategy and objectives and reports twice yearly to the Sodexo Limited Board of Directors. ESG is one of the principal risks regularly reviewed by the RMC. The RMC meets quarterly and is chaired by the regional CFO. In exercising their legal duties, the Board of Directors are responsible for reviewing the risk reports and providing strategic direction.

Identified climate risks and opportunities are scored against a defined matrix and continue to be reviewed and re-rated throughout the risk management process. The likelihood, or the probability of the risk occurring is then assessed. Once prioritised, risks are managed in order of highest impact with details of existing controls and further work measures as appropriate.

Strategy

Climate change has been identified as a key factor in Sodexo delivering on its business strategy and objectives. A cross-functional Sodexo team worked with external specialists in 2022 to better identify and analyse the risks and opportunities created by climate change. This risk assessment was carried out using the Task Force on Climate-Related Financial Disclosures ("TCFD") framework. This framework divides risks into:

- **Physical risks:** acute event-driven risks resulting from climate change such as an increase in severity in floods, cyclones or hurricanes, and chronic risks that result from shifts in longer term weather patterns such as higher temperatures causing more heatwaves.
- **Transition risks**: the policy, legal, technology and market change risks that may arise for a company

transitioning to a lower carbon economy. Further reputational risk may also occur if a company fails to transition fast enough or meet stakeholder expectations in relation to climate change.

The climate risk outlook considered was on a near-term timeframe of 5-10 years. This timeframe was selected to align with business planning cycles, while being mindful of the impact of external factors including political and changes to laws and regulations. It also prepares Sodexo for moments of rapid market shifts that occur due to climate events. Although we are working on a near-term timeframe, we are aware of longer-term risks and will build on this to encompass them as part of future disclosures

Our climate risk assessment and evaluation process was completed in four steps:

1. **Assessment by climate risk type:** An exhaustive and industry agnostic list of both transition and physical risks, aligned with the TCFD categorisation, was used in the assessment. Relevant climate risks applicable to Sodexo business activities were selected.

2. **External data overlay**: leading industry sources were used to assess the likelihood of physical and transition risks and the potential impact.

3. **Experts overlay**: Further insights were gathered through interviews with Sodexo business leaders across different activities and regions to assess the impact of each climate risk on each business activity.

4. **Convergence**: Results of climate risk assessment were shared and adjusted with key internal stakeholders during a workshop.

A list of 26 physical and transition risks that could affect Sodexo's business was identified, among which all were considered relevant for Sodexo activities.

Each risk was qualitatively assessed in relation to foodservices and Facilities Management ("FM") using likelihood and impact as risk criteria. Likelihood was calculated using respected external data sources. Impact was assessed based on knowledge of Sodexo's business and the insights from a series of risk interviews run with key senior leaders. The standard definitions for impact within Sodexo's wider risk management framework were used for the assessment. This approach highlighted the impact of the risks more on foodservices than on FM services.

The following risks have been selected as being the most significant to Sodexo within the UK region for both food and FM services.

Brand reputation

- Description: Consumer sentiment shifts to a point where companies receive negative reputation from its environmental practices and/or investing in non-environmentally friendly companies.
- Services affected: Foodservices & FM
- Time Horizon: Short-term (1-5 years)
- Impact: Failure to embed environmental initiatives into business activities could reduce client retention rate (e.g., not sufficiently complying with growing consumer demand for locally sourced foods could decrease visits to restaurants on clients' sites). If CSR storytelling is not robust enough, Sodexo could be accused of greenwashing; reduction of client retention/win rate. Difficulty to attract and retain talent, employees leaving for "greener" companies.
- Action: Sodexo have developed a net zero strategy in alignment with the SBTi to ensure all climate related targets are robust, transparent, and aligned with climate science. Sodexo Limited became one of the first organisations globally to have near and long-term science-based targets validated by the SBTi.

Drought

- Description: Prolonged/increased frequency of droughts driven by climate change, increasing water scarcity, impacting crop yields, and causing saltwater intrusion.
- Services affected: Foodservices & FM
- Time Horizon: Near-term (5-10 years)
- Impact: Directly impacts growth of plant life. This could cause the agriculture industry to become less productive, reducing their ability to meet demand and/or increasing costs.
- Action: A third of all food produced globally ends being wasted, making food waste one of the greatest contributors to climate change. Sodexo are committed to halving food waste by 2025 through our WasteWatch programme, which supports our teams collect and analyse data on food waste. We have committed to accelerating the deployment of WasteWatch to reach 85% of our foodservice operations by 2025 (based on raw material cost).

Temperature & humidity

- Description: Increased frequency and severity of extreme high and low temperature and humidity days.
- Services affected: Foodservices & FM
- Time Horizon: Short-term (1-5 years) & near-term (5-10 years)
- Impact: Directly impacts growth of plant life as they have 'ideal temperatures' and are grown in certain areas; changing temperatures can impact yield as well as ability to continue growing in that location. This could cause the agriculture industry to become less productive, reducing their ability to meet demand and/or increasing costs. Extreme or fluctuating temperature would increase energy consumption (such as heating, ventilation and air conditioning) and energy costs for clients.
- Action: Additionally, to fighting food waste to mitigate the loss of agricultural productivity, Sodexo are also committed to sourcing 100% renewable electricity by 2025 as part of RE100 and reducing energy consumption at Sodexo and client sites.

Transportation emissions reductions regulations

- Description: More stringent vehicle emissions standards and/or fuel consumption taxes put in place to limit greenhouse gas emissions.
- Services affected: Foodservices & FM
- Time Horizon: Short-term (1-5 years) & near-term (5-10 years)
- Impact: Transportation restrictions (e.g., ban on sale of petrol and diesel vehicles, zero and ultra-low emissions vehicle (ULEV) zones) could increase complexity in delivery of services.
- Action: Sodexo have launched a 100% hybrid and EV company car policy and are transitioning all petrol and diesel internal combustion engines to electric vehicles.

Increased competition from low carbon and/or energy efficient technology

- Description: Through policy changes, increased investment in the low carbon space, or advancements in technology, renewable energy sources and/or energy efficient technologies become more competitive.
- Services affected: Foodservices & FM
- Time Horizon: Short-term (1-5 years)
- Impact: Rise of new players with carbon efficient models capturing market shares. Additional costs to develop "must have" low-carbon services.
- Action: Sodexo have developed a "low-carbon" meal definition (<0.9 kgCO2e) in partnership with the WWF and are designing new recipes to ensure that 70% of our main dishes are labelled "low-carbon" by 2030.

Climate-related scenario

Based on this risk and opportunity analysis, Sodexo carried out a climate-related scenario analysis across three NGFS (Network for Greening the Financial System) scenarios. NGFS have partnered with climate scientists and economists to design hypothetical scenarios. The scenarios provide reference points for understanding how climate change (physical risks) and climate policy and technology (transitional risks) could evolve in different futures. The NGFS scenarios were selected as they use a wide range of land use variables (i.e. agriculture) and are recommended by banks and financial supervisors. Three scenarios were chosen to provide a wide variability and assess the widest climate risk scope from an orderly net zero scenario, to a least ambitious scenario leading to a higher degree of physical risk.

Scenario category	Evolved Scenarios	Description
Orderly scenario	Net zero 2050	➢ Strong climate policies and green innovation efficiently reduces carbon dioxide emissions to net-zero by 2050. ➢ Global warming is limited to 1.5°C
Disorderly scenario	Delayed transition	➢ Strong climate action is delayed until 2030, so aggressive policies are needed thereafter and there is limited use of negative emission technologies. ➢ Warming is likely limited to just below 2°C
Hot house world	Current policies	➢ This is the least ambitious climate scenario as currently implemented policies are the only climate policies considered. ➢ A slow and incomplete transition leads to more severe physical risks. ➢ Global warming may be above 3°C

The scenarios were underpinned by general assumptions:

- In the current policies scenario, it assumes that only currently implemented policies are preserved, there is a limited increase in carbon pricing and other policy requirements, and an increased frequency, duration, intensity and spread of extreme weather events.

- In the delayed transition scenario, it assumes that annual emissions do not decrease until 2030, with strong policies needed from 2030 to limit warming to below 2oC. There will be rapid and higher increases in global carbon pricing after 2030, limited negative emissions technologies available due to lack of investment and increased frequency of extreme weather events.

- Finally, in a net zero orderly scenario, it assumes global warming is limited to 1.5oC through stringent climate policies and innovation. There is an early and gradual introduction of carbon taxes, Government support in development of negative emissions technologies and increased global average temperatures threatening climates.

The three categories of NGFS climate scenarios clearly differ in transitional risks, the more that is done to mitigate against climate change, the greater the transition risk impact through increased policies, taxes and legislation.

The impact of the scenarios identified several key variables that would impact Sodexo P&L: price of agriculture products, carbon price, GDP changes, labour productivity and prices of energy. The scenario models assumed a conservative pass through rate of 75% on food cost increases. Overall, all three scenarios impact Sodexo UOP negatively, with a more significant decrease in profit within a current policy scenario (>3°C) than in a Net-Zero scenario (1.5°C):

- In the current policies scenario, physical risks (drought, flooding etc) highly impact the overall economy and food production yields, which highly impacts Sodexo UOP margin.

- In the delayed transition (2°C) scenario, carbon regulations post 2030 increase the carbon price which impacts the cost of livestock products and significantly impacts Sodexo's UOP.

- In the net zero (1.5°C) scenario, carbon regulations increase the carbon price and impact livestock product costs. The impacts on Sodexo profits are significant, but less than the other scenarios.

This analysis identified in the current policies scenario that the decrease in UOP is more significant than in the transition scenarios, driven especially through food costs and the impact of physical climate risks such as flooding and droughts affecting the production yields. The net zero scenario had the lowest impact overall on Sodexo UOP. The scenarios also highlighted that foodservices are impacted by climate risk and impacts occur both on volume, price and unit cost, whereas FM is seen to be less affected by climate risk.

Sodexo have identified opportunities to increase the resilience of our business model and strategy to lower and mitigate the impacts of the scenarios, such as food costs and production yields. This has also been supported by the measurement and detailed understanding of our carbon footprint across our entire value chain. Opportunities include the development of sustainable offers for our foodservices, through the increase of low-carbon meals and plant-based recipes, and reduced resources depletion through energy and water consumption, and waste reduction.

Tackling food waste is a key lever in our commitment to reach net zero by 2040. Our commitment is to halve our own food waste by 2025. We have also committed to increasing the take-up of sustainable eating options by setting ourselves the target of having 33% of our menus as plant-based by 2025. Supported by WWF, we have developed a definition of a low-carbon meal as one whose production generates 0.9 kgCO2e or less. Based on this definition we are designing new recipes to ensure that 70% of the main dishes can be labelled low-carbon by 2030.

To ensure the correct deployment of these initiatives, the long-term incentives of senior leaders have been indexed on key sustainability indicators, including the number of sites with food waste reduction tools deployed and the promotion of plant-based meals served. Sodexo has also connected its financing to action to prevent food waste. Sodexo SA renewed its €1.3 billion revolving credit facility which now incorporates a pricing adjustment based on Sodexo's performance towards its goal to prevent 50% of the food waste and food losses from its operations by 2025.

Metrics & Targets

Sodexo Limited are committed to net-zero GHG emissions across the value chain by 2040.

Net zero encompasses all our business activities across our entire value chain, including – scope 1 and 2 and all aspects of scope 3 including supply chain, our activities at client sites and employee commuting; data for each of these activities are aligned to the GHG protocol.

We have set short, near, and long-term science-based targets that have all been externally validated by the SBTi.

The climate targets below include all the activities of Sodexo Limited, including all subsidiaries with the exception of Sodexo Cyprus given the low carbon impact and its location outside the UK.

- **Short-term Target**: to reduce in absolute terms our Scope 1, 2 and 3 GHG emissions by 34% by 2025 against a 2017 baseline.

- **Near-term Target**: to reduce in absolute terms our Scope 1, 2 and Scope 3 (Non-Forest, Land and

Agriculture ("FLAG")) GHG emissions by 55% by 2030 against a 2017 baseline. We also commit to reduce Scope 3 FLAG GHG emissions by 40% by 2030 against a 2017 baseline..

- **Long-term Target**: to reduce in absolute terms our Scope 1, 2 and Scope 3 (Non-FLAG) GHG emissions by 90% by 2040 against a 2017 baseline. We also commit to reduce Scope 3 FLAG GHG emissions by 72% by 2040 against a 2017 baseline.

Sodexo will achieve its long-term science-based target once all residual remaining GHG emissions have been neutralised through carbon removals to reach net-zero emissions.

In 2021, Sodexo Limited had also committed as part of its net zero journey to achieve carbon neutrality across its direct operations (scopes 1 and 2) by 2025. These emissions related to the fuel consumed in our own fleet, the gas required to heat our buildings and electricity purchased to power our own offices and buildings. This target was removed in July 2023 with Board agreement and communicated to the market. Funds originally allocated for carbon offsets will be utilised for internal decarbonisation projects in FY25.

To accelerate our GHG emission reduction targets, Sodexo has identified additional short and near-term actions:

	Target	Climate-related risks and opportunities
Products	➢ Zero-deforestation supply chain on palm oil, paper, and beef by 2025 ➢ Zero-conversion supply chain on embedded soy by 2030	➢ Drought ➢ Temperature & Humidity ➢ Brand Reputation
Cooking	➢ 33% plant-based recipes by 2025 ➢ 70% low-carbon meals by 2030 (<0.9 kg CO_2e)	➢ Increased competition from low carbon/and/or energy efficient technology ➢ Drought ➢ Temperature & Humidity ➢ Brand Reputation
Energy	➢ 100% renewable electricity in its directly controlled operations by 2025 ➢ 100% hybrid and EV company cars by 2025	➢ Transportation emissions reductions regulations ➢ Brand Reputation
Waste	➢ 50% reduction of food waste by 2025 ➢ 100% reusable, recyclable, and compostable packaging by 2025	➢ Drought ➢ Temperature & Humidity ➢ Brand Reputation

Sodexo UK&I are committed to reducing GHG emissions across its value chain to meet its climate ambition of net zero by 2040. To support the achievement of this net zero commitment we developed in conjunction with our partner Traace, a carbon trajectory tool. This tool was designed to help monitor our GHG emissions and adapt our progress towards our commitments and a 1.5°C trajectory. The tool enables us to identify key priority areas and select decarbonisation actions to form part of our climate transition plan. The key targets and actions are highlighted in the table above; additional information and details are available in the Transition Plan available here:
https://uk.sodexo.com/netzero.html.

Sodexo has also developed a foodservices footprinting tool designed to calculate the carbon footprint of its foodservices at a site level through an automatised system. It illustrates to clients the real impact of foodservices at their site and supports the identification of how this can be reduced in collaboration.

Scope 1, 2 & 3 GHG emissions

All scope 1, 2 and 3 GHG emission sources are included in our total footprint, with 1% representing our direct operations (scope 1&2) and 99% coming from indirect scope 3 sources. A breakdown of GHG reporting categories that are relevant to Sodexo and the associated business activities is included in the table below.

Scope	GHG Category	Business Activity
Scope 1	Fuel Combustion	Emissions generated from fuel consumption for heating purposes, such as gas for heating Sodexo's offices.
	Owned Transportation	Emissions generated from fuel consumption for vehicles, such as the company cars and commercial vehicles.
Scope 2	Purchased Electricity	Emissions generated from purchased electricity for powering Sodexo offices and facilities.
Scope 3	Purchased goods and services	Emissions embedded in the goods and services we buy to deliver services to our clients, such food produce.
	Fuel and energy-related activities	Emissions relating to the extraction, production and transportation of fuels and energy purchased and consumed by Sodexo, such as our offices.
	Upstream transport and distribution	Includes emissions relating to the transportation and distribution of goods and services between our suppliers and client sites.
	Waste from operations	Relates to the emissions produced in the disposal and treatment of waste generated by Sodexo, such as pre-consumer food waste, PPE, and office consumables.
	Business Travel	Includes emissions from the transportation of employees for business related activities.
	Leased Assets	Includes the emissions from the consumption of energy for sites leased by Sodexo.
	Employee commuting	Includes emissions from the transportation of employees between their homes and their places of work.
	Use of sold products	This relates to the emissions from the energy consumed in the delivery of food, cleaning, and landscaping services.
	End of life treatment	Includes the emissions produced in the disposal and treatment of waste created by consumers, such as post-consumer food waste, packaging, and beverage containers.

The methodology used to collect activity data and calculate GHG emissions is The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. The Department for Energy Security and Net Zero (UK Gov), ADEME Base Carbone (French Government), EcoInvent and Agribalyse conversion actors are also used to calculate our GHG emissions.

Where changes have occurred in the methodology for calculating GHG emissions, previous years and baseline are updated to enable and account for real emission reduction. Every 3-5 years, the baseline data is updated to account for better estimation or changes in scope, as per SBTi guidelines.

The date ranges used for GHG emissions reporting vary slightly with the base year calculating GHG emissions from 1st September 2016 through to 31st August 2017 and the most recent from 1st June 2022 through to 31st May 2023. The change in reporting period was a consequence of external audit requirements for our Group financial reporting.

Sodexo's carbon footprint is audited annually, and data is verified to the level of "reasonable" assurance by KPMG across all categories of scopes 1, 2 and 3. Sodexo Limited is committed to improving the quality of data, in particular for FLAG (forest, land and agriculture) to improve the level of disaggregation across different FLAG emission and removal sources.

The table below highlights our latest FY23 GHG emissions for Sodexo Limited. Sodexo publishes every year its GHG emissions and progress towards its climate-related targets in a progress report (https://uk.sodexo.com/netzero.html).

	FY23	FY22	FY17 (baseline)
Reduction in GHG emissions – Scope 1&2			
Scope 1 emissions (tCO_2e)	7,269	8,162	12,214
Scope 2 emissions: market-based (tCO_2e)	261	478	2,125
Total Scope 1&2 emissions: market-based (tCO_2e)	7,530	8,639	14,339
% renewable electricity in our direct operations (%)	95.80%	91.05%	0.00%
% reduction in absolute Scope 1&2 emissions (market based) (compared FY17 baseline)	-47.48%	-39.75%	
% reduction in intensity (tCO2e) / million euros turnover) Scope 1&2 emissions (market-based) (compared FY17 baseline)	-53.75%	-51.00%	
Reduction in GHG emissions – Scope 3			
Scope 3 Category 1 Purchased Goods & Services (tCO_2e)	193,546	174,931	262,818
Scope 3 Category 3 Fuel- and energy-related activities (tCO_2e)	2,315	2,774	4,138
Scope 3 Category 4 Upstream transportation and distribution (tCO_2e)	3,706	2,249	13,141
Scope 3 Category 5 Waste generated in operations (tCO_2e)	1,485	1,303	7,702
Scope 3 Category 6 Business travel (tCO_2e)	3,621	2,123	2,647
Scope 3 Category 7 Employee commuting (tCO_2e)	54,422	52,472	59,706
Scope 3 Category 8 Upstream Leased Assets (tCO_2e)	49	0	0
Scope 3 Category 11 Use of sold products (tCO_2e)	313,268	304,061	560,128
Scope 3 Category 12 End-of-life treatment of sold products (tCO_2e)	16,146	12,360	11,446
Total Scope 3 emissions (tCO2e)	588,558	552,273	921,725
% reduction in absolute Scope 3 emissions (compared FY17 baseline) (%)	-36.15%	-40.08%	
% reduction in intensity (tCO2e) / million euros turnover Scope 3 emissions (compared FY17 baseline)	-43.76%	-51.27%	
Reduction in GHG emissions – Scope 1,2 & 3			
Total Scope 1,2 and 3 GHG emissions (tCO_2e)	596,089	560,913	936,064
% reduction in absolute Scope 1, 2 and 3 emissions (compared FY17 baseline)	-36.32%	-40.08%	
% reduction in intensity (tCO2e) / million euros turnover Scope 1, 2 and 3 emissions (compared FY17 baseline)	-43.91%	-51.27%	

Sodexo Limited have removed circa 340,000 tCO2e of GHG emissions across its value chain in FY23 compared with the FY17 baseline (-36.32% reduction). Total Scope 3 GHG emissions have increased slightly compared with FY22, which covered a transitional period in our operations post-pandemic. Scope 1 and 2 GHG emissions continue to decrease as we have increased the electrification of our fleet and have procured more renewable electricity. The reduction in absolute terms of Scopes 1, 2 and 3 GHG emissions compared with the baseline in FY2017 is in line with our forecasts and trajectory and exceeds our short-term science-based target of -34% reduction by 2025.

Greenhouse gas emissions, energy consumption and energy efficiency action

In compliance with "The Companies Act 2006" (Strategic Report and Directors' Report) and in particular Part 7A to Schedule 7 "Dealing with energy and carbon disclosures by large unquoted companies" the following information discloses energy and CO2e consumption for the Company covering the year ended 31 August 2023.

The information includes the reporting of location-based greenhouse gas emissions (scope 1 and 2), energy consumption data for fuels, electricity and transport, and associated energy intensity ratio. The declaration identifies some of the energy saving measures implemented during the financial year.

GHG Emissions
For financial year ending August 2023, Sodexo Limited's energy consumption and greenhouse gas emissions were calculated to be:

	2023	**2022**
Natural gas (in MWh)	23,334	21,808
Electricity (in MWh)	16,381	17,219
Other fuels (in MWh)	5,412	4,785
Transport (in MWh)	10,875	13,607
Total location-based carbon emissions (in tonnes CO_2e)	11,644	11,816

Underlying Global Energy Use
All of Sodexo Limited's energy use comes from operations within the UK, and therefore, global energy use and UK energy are equivalent.

Energy Intensity Ratio
Total building energy (natural gas, electricity, other fuels) has been assessed to correlate with building floor area (square metres). Using energy consumed per square metre as an energy performance indicator (EnPI) allows for a more accurate monitoring of energy consumption each year as the estate portfolio changes.
For financial year ending August 2023:

	2023	**2022**
Total building energy (in MWh)	45,127	43,813
Gross floor area (in m^2)	160,907	164,002
EnPI total building energy per square meter (in kWh/m^2)	282	267

Methodology
To calculate the disclosure, similar methodology to ESOS, CRC, and ISO 50001 compliance has been used where applicable for consistency in reporting. Building operation energy use has been captured, in order of preference, using invoiced consumption figures where available; meter readings supplied by facilities management teams; or pro-rata estimations. Transport data has been extracted from internal employee expense returns, and fuel card database. Carbon emissions conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting 2023'. Energy intensity relevant variable building floor area has been provided by Sodexo Estates team.

Energy Efficiency Measures
Sodexo has implemented various methods to increase energy efficiency and reduce its impact on the environment. Since the launch of Sodexo's new company car policy in November 2021, over 85% cars in the UK are now either hybrid or electric vehicles (EV) and of those on order, 40% are EV. Sodexo has also developed and deployed eco-driving and electric vehicle e-learning training modules to support the efficient driving and electrification of our fleet. The eco driving training module has been mandated as part of employee induction and for all those with company cars and car allowance. In addition, the majority of company sites are supplied with 100% renewable-backed electricity and further investments in energy efficiency and carbon emission reductions are planned.

Statement of corporate governance arrangements

During the year ended 31 August 2023 ("FY23"), under The Companies (Miscellaneous Reporting) Regulations 2018, Sodexo Limited ("the Company") has applied the Wates Corporate Governance Principles for Large Private Companies (https://www.wates.co.uk/who-we-are/corporate-governance/).

The Company has a well-established corporate governance framework reflecting its activities as part of a multinational organisation. The directors have set out below an explanation of how the Wates Principles have been applied during FY23.

The Company is a subsidiary of Sodexo S.A. which has its headquarters in Paris. Sodexo's Fiscal 2023 Universal Registration Document is available on Sodexo's website (https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results).
This Statement reflects the Sodexo structure and organisation in FY23.

Principle 1 – Purpose and leadership

"An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose."

Purpose

The Company is the main operational corporate entity for the business activities in the UK and is a private company limited by shares. It forms part of the Sodexo Group of Companies (the "Group"), the global leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play.

The Company carries out Sodexo's mission, to create a better everyday for everyone to build a better life for all, through its provision of on-site services across the UK. The Company partners with clients in many sectors across business and industry; schools and universities; sports and leisure; energy and resources; government including defence, justice, agencies and healthcare. A range of services are provided, including food and catering, facilities management, and workplace and technical services.

The Company has developed a regional roadmap, aligned with the Sodexo Group 2025 strategic plan, reflecting its regional strategy and enablers.

Principle 2 – Composition

"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company."

Chair

The Region Chief Executive Officer ("CEO") chairs and leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion and leading the team to responsible and good commercial decisions. The CEO reports to the Sodexo Group through the Europe Zone President, Sodexo.

The roles and responsibilities of the CEO are clearly defined to ensure that there is a balance of responsibilities, accountabilities and decision making across the Company. The CEO, supported by the Company Secretary, is responsible for the leadership and effective operation of the Board, including establishing the framework and procedures to govern the work of the Board and to support Directors in the discharge of their legal and regulatory obligations.

Balance, Diversity, Size and Structure

The Board comprises six members: UK&I CEO, UK&I Chief Financial Officer ("CFO"), UK&I Human Resources ("HR") Director, Senior Vice President Segment Market Lead Government and Agencies, Group CFO, and Group General Counsel.

Board members have a diverse range of skills, expertise, backgrounds, knowledge and experience reflecting the diverse nature of the Company's business and enabling the Directors to discharge their duties and responsibilities effectively. Female representation within the RLT is 36%.

The Directors have equal voting rights when making decisions and the Chair has a casting vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

Effectiveness

The Company continues to review the membership, operation, and effectiveness of the Board.

Directors keep their skills and knowledge up to date by attending appropriate seminars and training courses. Induction materials and briefing sessions are available to new Directors which are tailored to their specific experience and knowledge. The Directors all received external training in their duties and responsibilities during FY23.

The Company will continue to review the Board's composition in order to ensure that the Board has the appropriate mix of skills, backgrounds, independence and diversity to meet the strategic needs of the Company in the future.

Principle 3 – Responsibilities

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge."

Accountability

The Group has in place a well developed and embedded global operating framework which sets out Group operating rules, policies, procedures and delegations of authorities. In addition, the Company has established a UK governance framework, aligned to the global operating framework, designed to meet the Company's requirements in the UK.

Board and Executive Team

The Board has delegated the day-to-day management of the Company to the UK&I Regional Leadership Team ("RLT") which is representative of the Company's diverse segment businesses and supporting functions.

The Board and the RLT are responsible collectively for the corporate governance of the Company. The day to day operational management of the Company's business, including sales and financial performance, is implemented through each business segment. The segments are supported by the functions, including finance, legal, human resources, tech and services, and communications, with executive oversight from the Board and the RLT.

The RLT is responsible for the executive management of the Company's business. The Board promotes the purpose of the Company in the region in alignment with the Sodexo Group; ensuring that its values, strategy and culture align with that purpose; provides constructive challenge to the RLT and oversees the stewardship and accountability of the Company in terms of financial governance and risk management.

The RLT meets at least monthly and the Board currently operates a programme of two scheduled meetings a year, with ad hoc meetings held as and when required. In 2023, the Board met twice. Minutes of decisions and actions are recorded for each meeting. Board meetings are scheduled to align with RLT meetings and the Directors have access to the same key management information.

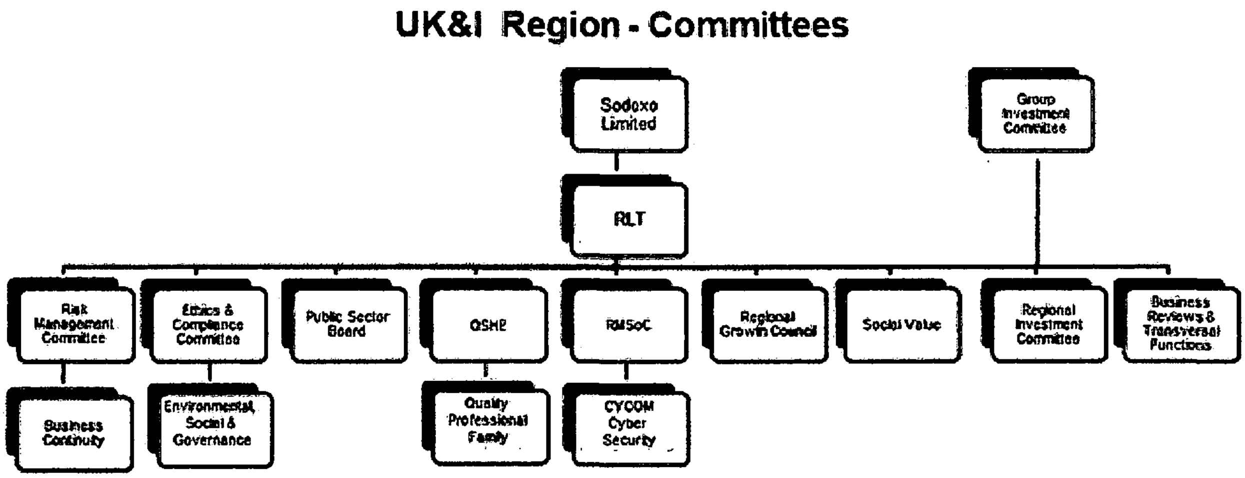
The Board and the RLT consider and oversee significant matters which carry potential financial, operational, reputational or legal risk for the Company and which might influence the strategy and sustainable success of the Company. Agenda items include:

- Health and safety
- Sales and financial performance
- Risk management and governance
- Strategy, growth and business planning
- Human resources
- Ethics and compliance
- Environmental social and governance
- Technical and services support
- Brand and communications
- Potential acquisitions and divestments

Specific items will also be considered at meetings depending on the circumstances – for example: the impact of inflation on the Company, current market and competitor activity; and the progress of the annual Internal Audit Plan.

Governance and management committees

The Company has established a sound and proportionate governance model given the size and complexity of the business. This includes several empowered committees which identify, manage and report on the risks which might impact the Company and the progress of plans to address those risks. Each committee has its own terms of reference and reports ultimately to the Board. Each is reviewed periodically and evolved to ensure relevance and effectiveness. These currently include:



Risk Management Committee (RMC)

The purpose and activities of this committee are explained further under Principle 4.

Ethics & Compliance Committee

The purpose and activities of this committee are explained further under Principle 6.

Quality, Safety, Health and Environment (QSHE) Committee

This committee is made up of representatives across the UK&I region including the health and safety director. The purpose of this committee is to provide strategic direction on QSHE matters, to monitor performance and effectiveness of the management systems, drive continual improvement, consider the social impact of our processes underpinned by quality and a commitment to reduce injury and harm to safety and health.

Regional Investment Committee (RIC)

This committee comprises the CEO (chair), CFO and is attended by other representatives depending on the business under consideration. It reviews investments and bid decisions which are above segment or function delegation of authority in the UK&I Region and below Group Investment Committee (GIC) thresholds. It reviews bid papers prior to submission to GIC and all capital Investment and M&A/disposal decisions in accordance with the delegations of authority.

The Company has various other forums, processes and controls to monitor and manage specific risk areas. These include:

- Business Continuity Committee – forum for all matters relating to incident management, crisis management, business continuity and disaster recovery. It ensures sites are using the Business Continuity Management system and it is aligned to ISO22301.

- Public Sector Board – the purpose of this Board is to enable the Company to facilitate greater collaboration and delivery of commitments with the UK Government.

- Information and Cyber Security Governance Committee – established to monitor, review and steer the governance, strategy, roadmap and policy in place for managing information and cyber security risks within the region

- Regional Marketing and Service Operations Committee (RMSoC) - coordinates the development and marketing of the Company's business services and offers in alignment with Sodexo Group.

- Social Value – to support our business in bringing to life our purpose, establishing clear governance and assurance around our authentic approach to creating social value, and making an impact on society and our environment.

Integrity of Information

The Board receives reports on business and financial performance, key risks and opportunities, strategy, operational matters, market conditions, human resources, legal, compliance, and regulatory matters.

Financial information and statements are collated by the Company's centralised finance function from its various accounting systems, that facilitate and control the recording of all financial transactions and entries. Consistent accounting policies are applied that are aligned with IFRS (International Financial Reporting Standards) and with the Group Accounting Manual. The Company's finance function has the appropriate independence, expertise and qualifications to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is externally audited by KPMG on a half year and full year basis. Financial controls, processes and records are reviewed by the Company's centralised internal audit function.

Other key information is prepared by the relevant business and internal functions.

Principle 4 - Opportunity and Risk

"The Board should promote the long term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks."

Opportunity

The Board and the RLT consider on an annual basis the Company's strategic plan, which includes a consideration of long term strategic opportunities (for example, the acquisition of strategic contracts and the development of new services). Short term opportunities to improve business performance and achieve operational efficiencies are also considered and actioned continuously by the RLT and Sodexo S.A., with clear delegations of authority for decision making and review at the Company's RLT and board meetings.

Risk

Managing risks lies at the heart of Sodexo's business. Good risk management drives better business decisions, protects our assets and supports our strategic priorities. Sodexo has put in place a well-defined process for identifying, assessing and managing risks at the appropriate level within the organisation. Risks can be positive or negative and are considered across strategic, tactical and operational levels.

The Company ensures effective risk management through its Risk Management Committee (RMC). The Committee comprises of the CEO, CFO (chair), General Counsel, HR Director, CEO Technology and Services, Director of Risk & Asset Management, Head of Risk & Control, Head of Internal Audit, and a CEO from a business segment on a rotational basis.

The Committee keeps under review the effectiveness of the Company's risk management framework ensuring that it is aligned to the Company's governance structure and embedded throughout the organisation. This is monitored through quarterly assurance statements received from each segment and function, monitoring of KPIs as well as updates from specialist sub-committees. A twice-yearly report assessing the Company's key risks and the mitigations to these is provided to the Board.

Controls form an important part of the range of measures that can be used to mitigate risks, and Sodexo's internal control procedures are part of an ongoing process of managing the Company's risk exposure. Sodexo's internal control procedures are designed to give reasonable assurance that laws and regulations are complied with; Group policies and guidelines are properly applied; internal processes are functioning correctly and financial reporting is reliable. Annual testing of key controls is undertaken by the Risk & Internal Control team who identify actions and improvements. In addition, the Group Internal Audit team review a discreet list of business areas every year using a risk-based approach, with additional actions and improvements being recommended. The close-out of these actions is monitored through the RMC.

Principle 5 – Remuneration

"A Board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account pay and conditions elsewhere in the Company."

The Company's compensation policy is an essential lever for profitable growth. Through a balance between individual and collective recognition both long term and short term, it aims to strengthen our culture of performance.

The Company's performance-based reward and recognition philosophy and policies will help build a performance culture by rewarding individual contributions to collective success. The reward philosophy is based on global key principles which include competitive salary, variable and discretionary long term incentives for some roles, relevant locally and regionally maintained benefits.

Compensation Framework

All compensation and reward decisions made within Sodexo UK&I should reinforce our commitment to these global key principles and must therefore rely on several compensation fundamentals:

- Job Documentation and Evaluation: Each job should be graded using the Group's Korn Ferry based methodology. Evaluations will be based on written job descriptions including the most recent possible information on the scope and structure of the job, validated by the appropriate dimension HR or Group Talent team member.
- Salary Structures: Each country should have a confirmed set of salary ranges by grade established collaboratively by Group Reward, Country HR, and Geographic Governance. These wage rates and salaries reflect market rates which are benchmarked against a number of industry external data. Rates are set in a way which allows Sodexo to attract and retain required talent.
- Additional company benefits can be offered to all or some roles, and are determined by local regulations and practices, and relevance to local employees.
- Variable Pay Guidelines: Some roles have short term performance incentives (annual incentive payments) and long-term incentives (performance shares) that have target minimum and maximum levels established for each grade by Group Reward. These are set as a percentage of base pay based on combined data analysis of market practice in hub locations.

Principle 6 – Stakeholder Relationships and Engagement

"Directors should foster effective stakeholder relationships aligned to the Company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."

As well as outlining how the Company has applied Principle 6 of the Wates Corporate Governance Principles, the Company describes in this section how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. In particular, the statement below outlines how the directors have acted in a way which is most likely to promote the success of the Company for the benefit of the members as a whole and in doing so having regard for stakeholders' interests.

The Board and the RLT are responsible for fostering effective relationships with all its stakeholders, including its clients, employees, suppliers, the UK Government and the wider community. We consider the key stakeholders to be as follows:

Employees

The Board recognises that, as an integrated facilities management service provider, its employees are key to the Company's strength and success. The Board and the RLT is committed to ensuring:

- Health & Safety
- Ongoing support to all employees
- High levels of employee engagement, wellbeing and communications
- A diverse and inclusive workforce and culture.

Health & Safety

The Company is committed to ensuring a safe and healthy working environment for all its employees, contractors and visitors. Through suitable and sufficient risk assessment and the creation of resulting safe systems of work, Sodexo provides employees with information, training and instructions to enable them to work safely and to protect the safety and health of those who may be affected by its activities. Compliance with legislative requirements underpins its purpose. The Company tests and challenges itself to continually improve and to engage with its people to ensure everyone has a voice and is properly informed.

The Company believes that health and safety is everyone's responsibility and through strong leadership, supervision and holding each other to account, health and safety can become a way of life that adds value and drives improved performance. Management and monitoring of performance is achieved through robust reporting, strong audit and monitoring regimes.

Employee engagement

We strive to create an employee experience that enables our people to "belong, act and thrive" whilst working for Sodexo. We measure the effectiveness of our "belong, act, thrive" Employee Value Proposition (EVP) by conducting biennial global employee engagement surveys and ad hoc surveys to address specific areas of the organisation. The data are thematically and statistically analysed to distil an action plan to address feedback solicited through the survey. A communications strategy is then tuned to deepen employee engagement by focusing on informing, engaging and inspiring colleagues to create an effective and inclusive workplace.

Regular employee engagement surveys are conducted and results are carefully scrutinised by the RLT to identify and implement actions for improvement. The RLT monitors attrition rates, feedback from exit interviews, and absenteeism levels in an effort to identify emerging people risks, trends, and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board together with proposed action plans.

In 2023, we conducted our bi-annual global employee engagement survey, #Voice2023. It measured employee happiness and advocacy for Sodexo across 9 core engagement drivers. The survey ran between April – May 2023 and returned a response rate of 73.3% and an increase in engagement rate of 5.7% on the prior survey. Our teams are now engaged in active dialogue to work through their results and a structured action planning process to make incremental improvements in areas for development ahead of the next survey.

The Company continues to provide ongoing support to all employees through:

- promoting 'Speak Up', which is a confidential route for staff to raise concerns;
- offering a free helpline 'Talk' where staff and their families can seek expert advice on personal and mental wellbeing topics;
- offering a range of wellbeing products designed to provide employees with access to a virtual 24/7 GP, cycle to work scheme, free will writing services, daily wellbeing activities, fitness and nutrition consultation;
- providing employees with the ability to access discounts to multiple high street retailers, with over £4.5M of savings made by employees since launch;
- providing all employees with access to life assurance.

The Company is proud of all its teams and their dedication and agility as our client and business needs continue to evolve.

Diversity, Equity & Inclusion (DE&I)

Inclusivity is a key commitment and proof point of our EVP to ensure colleagues 'can bring their authentic selves to work' so they feel a sense of belonging that allows them to act with purpose and thrive. At Sodexo, we are committed to promoting equitable opportunities, valuing diversity, and creating an inclusive working environment for all our employees. Our strategy is built on the ethos of the power of positive conversations that take place within a psychologically safe culture.

Our DE&I strategy focuses on five dimensions gender, race and ethnicity, disability, generations and sexual orientation and gender identity. Each of these focus areas has an executive sponsor who is a member of the RLT. They play a key role at championing the agenda, driving progress and embedding accountability at a senior level. In FY23 the leadership team committed to six commitments they will undertake to demonstrate their leadership and commitment to DE&I that are mapped to the Deloitte model of inclusive leadership. This includes listening sessions with colleagues from across the business, sharing their own stories of what DE&I means to them and engaging in sponsorship and mentoring opportunities.

Sodexo recognises the impact we have, and can have both within our organisation, and the communities that we work and live within.

Through our Social Impact People pathway we demonstrate enabling our employees, customers and community citizens to thrive. Examples of this are:

- our award winning apprenticeship pathway programme – with over 800 apprentices representing almost 2.7% of our employee headcount;

- our commitment to ending Modern Slavery as we believe in the elimination of all forms of compulsory labour and work to ensure slavery and human trafficking does not take place in any part of our business or supply chain;

- the aspirational targets we have for the representation of women and those from underrepresented ethnic groups in management and senior leadership positions, for example, we are committed to closing the gender pay gap across our legal entities in the UK to 10% by 2025, and initiatives to support women in the community to drive societal change. Sodexo was one of the first hospitality organisations to publish our Ethnicity Pay Gap.

- In 2023, we achieved Bronze in the Stonewall Workplace Equality Index. We have also achieved Level 2, Star Employer, in the Investing in Ethnicity maturity matrix. We supported the 10,000 Black intern programme in the summer of 2023 welcoming 24 interns into our business 4 of which have gone on to secure permanent roles to date. We introduced a raft of new progressive benefits which has included equalised parental leave for all eligible employees, flexible working a day one right ahead of forthcoming legislation, paid leave for carers, neonatal leave and enhanced bereavement leave. In total we have introduced 18 new policies across UK & Ireland. We are also a signatory of the Wellbeing of Women Menopause workplace pledge and have committed to becoming a menopause and Endometriosis friendly employer. We encourage employment of other disadvantaged groups including long term unemployed, prison leavers, and homeless, and enable all employees to take up to 3 days paid leave a year to support the charities of their choice. To support this, we have worked in partnership with Stop Hunger, our charitable foundation, to align charity partnerships with each DE&I dimension to support having a positive impact within the community according.

Clients

The Company operates a Client Lifecycle approach to monitor and manage all contracts.

Client retention is the essential first step in our Focus on Growth strategic agenda that helps create sustainable growth. This is underpinned by our “Clients for Life” programme. Clients for Life is a philosophy that underpins Sodexo's client engagement and retention programme. It is designed to create and nurture open, transparent relationships with our clients and ensures we put client and consumer needs at the heart of everything we do.

Members of the RLT and our operational senior leadership team meet with our key clients at regular intervals to discuss and collaboratively agree the key strategic priorities that both organisations will invest effort and resources in that drives continuous progression of both the strategic partnership and enhances service performance that impacts on our clients, employees and visitors.

Detailed client feedback touchpoints are executed by an independent and impartial team that captures client insight from a variety of client key stakeholders at various degrees of proximity to service delivery. This insight is shared across a range of key stakeholders within the Company to ensure that any decisions around service design and architecture places client objectives and needs at the heart of the decision-making process. Progress is tracked by the board and the UK&I RLT.

Suppliers

Sodexo manages its end-to-end supply chain to meet legislative requirements, mitigate risks and satisfy customer demands for supply chain transparency. All suppliers of goods and services to Sodexo are prequalified to ensure they are capable and competent to deliver the goods or carry out the work they are being contracted to supply. Suppliers are assessed against Sodexo's Supplier Code of Conduct. The level of initial assessment and ongoing monitoring relates directly to the services/products provided or to be performed and the associated risk. Assessment of vendor suitability is carried out by professionals who are independent from the day to day operational management of the vendors they evaluate.

Dependent on the associated risk, food suppliers are further audited against our own Supplier Code of Practice by either an external Independent Food Safety Consultancy or Sodexo's Health and Safety division.

It is essential suppliers strive to meet these standards on a continuous basis as a condition of the supply agreement. Failure to meet the expected standard results in the immediate suspension of trade. If positive action is not taken to remedy the situation, the supplier will be removed from supply chain.

The Company promotes purchasing policies that increase the use of environmentally sound and ethically sourced products & partnering with a diverse supply chain, including small & medium enterprises and social enterprises. We encourage our suppliers to share our ethical principles and procurement commitments.

The Company is committed to ensuring that slavery and human trafficking is not taking place in any of its supply chains or any part of its business and has in place measures to manage this risk including risk-based audit process.

Community

Sodexo's approach to creating Social Value and measuring its impact within local communities forms an integral part of the Company's regional strategy. The Company has undergone a comprehensive programme to fully embed and coordinate its impact on local communities and the environment. This is led by our RLT.

Our focus is based around four social impact pathways:

- Our People - by enabling our employees, customers and community citizens to thrive;
- Our Planet - by fostering a culture of environmental responsibility through protecting and enhancing our planet and driving our journey to net zero;
- Our Places - by adopting a need led approach to creating equity for all, across the communities we serve;
- Our Partners - by taking an inclusive approach to creating resilience and growth amongst our partner network.

Each year we publish our progress against our social impact commitments. This can be found at https://uk.sodexo.com/social-impact/social-impact-pledge.html. In doing so, we track our progress, articulate the social return on investment (SROI) of our activity, and accelerate subsequent actions based on achievements to date. During this period, over £230M SROI has been reported.

Sodexo has been actively tackling our impact on the climate since 2010 through our partnership with the World Wildlife Fund (WWF) who have provided support in measuring our emission sources and providing confidence in the actions required to reduce them. We have worked closely with the Science Based Targets initiative (SBTi) to ensure our net zero target and commitments cover all scopes and greenhouse gas (GHG) emissions, prioritises decarbonisation and delivers immediate impact.

In 2017, we calculated our baseline carbon emissions that covered not just our scope 1 and 2 direct operations, but all scope 3 categories across our value chain. Our baseline footprint was recalculated in 2023 in line with SBTi best practice to ensure it is accurate and relevant for reporting progress and comparing current activities.

We developed and deployed a Carbon Trajectory Tool in 2022 to support the measurement of Scope 1, 2 and 3 GHG emissions and to model the impact of specific, granular decarbonisation actions, for example reducing animal proteins as a proportion of the proteins on our menus. This tool was used to develop our Net Zero Transition Plan and it will remain vital to refining our approach as we continue our journey.

In 2021, we set out a comprehensive roadmap and transition plan to reach net zero by no later than 2040 and became one of the first organisations globally to have both our near and long-term science-based targets validated by the SBTi. In 2023, we revised and increased our level of climate ambition in alignment with Sodexo Group and have set the target to reach net zero across our value chain by 2040.

Our near-term target is to reduce scope 1, 2 and 3 GHG emissions by 55% by 2030 and we will reach net zero once we have achieved our long-term target of reducing scope 1, 2 and 3 GHG emissions by 90% by 2040, with any remaining emission neutralised. We have submitted updated near and long-term targets to SBTi for revalidation, along with new FLAG (Forest, Land and Agricultural) reduction targets as required for companies operating in the food service sector.

In 2023, we achieved a 36% reduction in scope 1, 2 and 3 GHG emissions across our UK onsite service operations. Scope 1 emissions relate to those emissions that we make directly, including the fuel we use in our vehicles and the heating of our offices. Scope 2 emissions refer to the indirect emissions from the generation of purchased electricity, such as powering our offices. Scope 3 refers to all other indirect emissions that occur in our value chain, including supply chain, business travel, employee commuting, and client site energy and waste.

Further information on our science-based targets, roadmap and transition plan can be found at: https://uk.sodexo.com/netzero.html, including our latest Net Zero progress report.

Sodexo is the founding partner of the Stop Hunger Foundation; an independent registered charity active in over 74 countries around the world and was created in 1996 by US Sodexo colleagues who witnessed children going to school hungry.

Stop Hunger relies on national, regional and local partnerships with registered charities and Community Interest Companies (CICs), as well as the unique ecosystem of Sodexo to tackle food insecurity and its root causes. Our key partners include FareShare, Trussell Trust and SSAFA. We provide our partners with grant giving opportunities, hands on volunteering, expertise and knowledge sharing. In addition to alleviating hunger, the Foundation aims to support initiatives which go beyond food aid and also empower women effectively and sustainably to eliminate food insecurity in the communities we live, work and play.

In FY23, over £550,000 was raised supporting 70 charities and CICs in the UK and Ireland to help 1,837,539 beneficiaries exit food insecurity. Stop Hunger and Sodexo also partnered to support individuals affected by the earthquake in Turkiye and Syria and fundraised £20,000 to support the World Food Programme (WFP) to access and redistribute food to those impacted. The Foundation supported its charity partners with an exceptional cost of living grant representing an additional £15,500 distributed to key charity partners.

All Sodexo employees are 'gifted' three paid days per annum to participate in volunteering and fundraising for causes close to their hearts. Just under 2,000 colleagues donated a total of 7,967 hours of their time, of which 4,332 hours focused on knowledge and expertise sharing and supported the Foundation and its partners with fundraising events. A team of Stop Hunger charity champions are evident across our business, engaging, encouraging and enabling ways in which our workforce can give back to our communities to tackle food insecurity and its root causes.

Further information on the Company's work in this area, and the impact in local communities, is set out at https://uk.stop-hunger.org/home.

Shareholder

The Board of the Company duly considers the views of its ultimate shareholder, Sodexo S.A., and the interests of the Group as a whole as part of any major decisions and transactions undertaken by the Company. The Chair, the Board and the RLT members provide the channel of communication between the Company and its shareholder.

Long-term decision making

The directors continue to review the Company's organisational structure, cost base, service offers, investments and other business plans to ensure all are optimal as our environment evolves.

Standards of business conduct

Conducting all aspects of Sodexo's business with the highest standards of ethics and integrity is essential to Sodexo's purpose to create a better everyday for everyone to build a better life for all and constitutes a fundamental pillar of Sodexo's Responsible Business Conduct commitments. The Company's Code of Ethics applies to all Directors and employees of the Company and embodies this commitment.

The Ethics & Compliance Committee comprises of the CEO (chair), CFO, HR Director, General Counsel, UK&I Head of Internal Audit, Head of Risk & Control, and Head of Supply Management. A segment CEO from a business segment is also included on a rotational basis annually. The Committee receives, logs, considers and manages concerns raised under the Code of Ethics, Anti Bribery Policy, Gifts & Hospitality Policy and

Whistleblowing Policy, including any allegations of bribery and corruption. The Committee conducts investigations, takes appropriate action, monitors and reviews incidents, training, measures trends, and reports appropriately to the Board. The Committee's minutes are submitted to each Board meeting for consideration by the Directors.

Sodexo's Ethics and Compliance program to which the Company aligns, is structured around the following pillars: A committed management team (tone at the top), Responsible Business Conduct, risk assessments, policies and procedures (including the Code of Ethics), training and awareness-raising, third party assessment (Supplier Code of Conduct), our whistleblowing system (Speak-up) and specific anti-corruption internal controls.

Sodexo shares the same ethical principles as those set out in the Modern Slavery Act, 2015. We believe in the elimination of all forms of compulsory labour and work to ensure slavery and human trafficking do not take place within any part of our business supply chain.

Further details are set out in the Company's Modern Slavery Act Statement which can be found at https://uk.sodexo.com/files/live/sites/com-uk/files/Legal%20and%20Privacy/modern-slavery-report.pdf

UK Government – Stakeholder Management

Sodexo is one of the government's strategic suppliers and manages its relationship with the central Government via the Cabinet Office. This provides us with a central relationship to provide oversight on all public services that we provide and the ability to work in partnership to build mutually agreed objectives to meet the needs of government. We are appointed a Crown Representative to ensure that any business issues or initiatives are reviewed within the commercial function and act as an interface with departments.

Pension Trustee

The Trustees are responsible for managing the Sodexo Pension Fund ('the fund') which is a defined benefit or ("DB") pension fund, in order to ensure that it is well governed and that all member benefits remain secure. While it is no longer open to accrual for new members, the fund still has a small number of active members and a significant number of deferred and pensioner members. Sodexo Ltd executives meet regularly with the Pension Trustees, discussing administration of the fund, governance, and both company and fund asset performance. The ongoing liabilities and assets of the fund are monitored closely and Sodexo Ltd makes payment to the fund based on agreed employee and employer contributions. The full actuarial valuation of the assets and liabilities of the fund takes place every 3 years, with the most recent as at April 2021 when consideration was given to the DB Funding Code of Practice contained within the Pension Schemes Act 2021. As a part of this, a one-off payment of £60m was made in January 2022 to materially reduce the funding deficit at that time, with fund liabilities now hedged to a high level through matching assets. Sodexo Ltd remains fully committed to the support of the Sodexo Pension Fund. The fund is also supported by a Sodexo S.A. guarantee of £100 million.

Closing

The Company is keen to demonstrate appropriate transparency in its work and strategy as an indication of the pride it holds in its people and the delivery of exceptional services. We believe transparency will further develop the trust that our colleagues, clients and communities have shown us during our corporate history.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business have been included in the Director's Report on page 5.

Auditor

Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.

Jean Renton
Director

Date: 30 May 2024

One Southampton Row
London
WC1B 5HA

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SODEXO LIMITED

Opinion

We have audited the financial statements of SODEXO LIMITED ("the Company") for the year ended 31 August 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 '*Reduced Disclosure Framework*'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included :

- Enquiring of directors, internal audit, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive scheme and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, and the risk of fraudulent revenue recognition, in particular.

- the risk that Company management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates; and
- the risk that revenue is overstated or understated through recording revenue in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria, including unusual accounts combinations, and comparing the identified entries to supporting documentation.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Selecting a sample of revenue transactions from either side of year end, agreeing to supporting documentation, to confirm the period they relate to.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statement including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts of disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operation regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed out audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from the branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SODEXO LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 21, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gill Hopwood-Bell

Gill Hopwood-Bell (Senior statutory auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
Date: 30 May 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £000	2022 £000
Turnover	4	**1,399,358**	*1,472,174*
Operating expenses		**(1,348,749)**	*(1,401,391)*
Operating profit	5	**50,609**	*70,783*
Income from fixed assets investments	9	**4,997**	*4,994*
Interest receivable and similar income	10	**20,757**	*6,304*
Interest payable and similar expenses	11	**(20,751)**	*(9,864)*
Other finance (expenses)/income	12	**(4,480)**	*205*
Profit before tax		**51,132**	*72,422*
Tax on profit	13	**(10,773)**	*(15,414)*
Profit for the financial year		**40,359**	*57,008*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes	29	**(90,383)**	*61,707*
Movements of deferred tax relating to pension surplus/(deficit)		**22,596**	*(15,427)*
		(67,787)	*46,280*
Total comprehensive (loss)/income for the year		**(27,428)**	*103,288*

The notes on pages 39 to 74 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note		2023 £000		2022 (Restated) £000
Fixed assets					
Goodwill	15		**250**		*250*
Intangible assets	14		**1,910**		*464*
Tangible assets	16		**44,401**		*44,540*
Investments	18		**70,687**		*68,757*
			117,248		*114,011*
Current assets					
Stocks	19	**16,800**		*13,367*	
Debtors: (including £45,642,000 (2022: £37,300,000) due after more than one year)	20	**1,024,211**		*917,939*	
Cash at bank and in hand		**61,589**		*116,413*	
		1,102,600		*1,047,719*	
Creditors: amounts falling due within one year	21	**(717,197)**		*(613,873)*	
Net current assets			**385,403**		*433,846*
Total assets less current liabilities			**502,651**		*547,857*
Creditors: amounts falling due after more than one year	22		**(262,555)**		*(266,301)*
Provisions for liabilities					
Deferred taxation	24	**-**		*(11,402)*	
Other provisions (amounts falling due within one year)*	25	**(13,263)**		*(17,981)*	
Other provisions (amounts falling due after one year)*	25	**(26,700)**		*(22,423)*	
			(39,963)		*(51,806)*
Defined benefit pension surplus	29		**44,568**		*129,003*
Net assets			**244,701**		*358,753*
Capital and reserves					
Called up share capital	26		**22,379**		*22,379*
Merger reserve	27		**(7,973)**		*-*
Profit and loss account	27		**230,295**		*336,374*
			244,701		*358,753*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2024

Jean Renton
Director

The notes on pages 39 to 74 form part of these financial statements.

*Please refer to note 28 for prior year restatement.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2023

	Called up share capital	*Merger reserve*	*Profit and loss account*	*Total equity*
	£000	**£000**	**£000**	**£000**
At 1 September 2021	**22,379**	**-**	**233,040**	**255,419**
Profit for the year	-	-	57,008	57,008
Actuarial gain on pension scheme, net of deferred tax	-	-	46,280	46,280
Stock option	-	-	46	46
At 1 September 2022	**22,379**	**-**	**336,374**	**358,753**
Profit for the year	-	-	40,359	40,359
Actuarial loss on pension scheme, net of deferred tax	-	-	(67,787)	(67,787)
Other movement	-	(7,973)	-	(7,973)
Dividends: Equity capital	-	-	(80,000)	(80,000)
Stock option	-	-	1,349	1,349
At 31 August 2023	**22,379**	**(7,973)**	**230,295**	**244,701**

The notes on pages 39 to 74 form part of these financial statements.

1. General information

Sodexo Limited, a private company limited by shares, is incorporated, domiciled and registered in the United Kingdom. The company's registered number is 00842846 and its registered office is One Southampton Row, London, WC1B 5HA.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The presentational currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Sodexo S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group. The results of the Company are included in the consolidated financial statements of Sodexo S.A., incorporated in France.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company forms part of the Sodexo UK and Ireland group of companies, together the "UK&I Group", which is part of the wider Sodexo Group headed by Sodexo S.A., a company incorporated in France. The principal activity of the UK&I Group is to provide facilities management and catering services across the UK and Ireland, operating across various segments such as education, sports and leisure, corporate services, government, and healthcare. The company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations.

The company meets its day to day working capital requirements from operational cash flows and intercompany loan arrangements within the UK&I Group. The UK&I Group has remained resilient throughout the adverse changes in the economic environment as a result of tight management of cash and balance sheet, and strong retention of existing contracts, alongside the spread of business across food and facilities management services, and across public and private sector clients as well as the strong inflation management processes in place. In addition, the UK&I Group continues to see opportunities for organic growth with new contracts in the pipeline. However, the UK&I Group remain prepared for further macro-economic impacts with agility, good commercial management, and careful cost control continues to be critical.

To inform the basis of preparation of these accounts, the directors have considered cash and profit forecasts for forward trade of the UK&I Group for at least 12 months following the date of approval of these accounts, based on the facts we have as at the date of approval of these financial statements. These forecasts include a severe but plausible downside scenario which models a deterioration in gross margin as a result of operational performance, a downturn in revenues due to contracts of key clients not being renewed and the under recovery of inflation. The forecasts indicate that the UK&I Group will continue to be resilient in the current macroeconomic environment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Measurement convention

The financial statements are prepared on the historical cost basis and in line with applicable accounting standards.

2. Accounting policies (continued)

2.4 Revenue

The Company provides a range of on-site services to businesses and public-sector customers. Services contracts may include the provision of food and catering, facilities management, property and technical services.

Revenues are measured at the fair value of the consideration received or to be received, net of discounts and rebates as well as Value Added Tax (VAT) and other taxes.

Revenue is recognised in accordance with IFRS 15, following a five-step approach:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue when the transfer of control of goods/services occurs

In the majority of cases, revenue from on-site contracts is recognised over time as the customer typically receives the benefits as the Company performs the contracted services. In certain cases of fixed billing contracts, if there is an unsatisfied performance obligation or excess of services provided, the Company makes an adequate credit note provision or raises additional invoice to true up the revenue recognised. Revenues include all revenues stipulated in the contract, considering whether Sodexo acts as principal or agent.

Food services revenues are recognized when the customer pays at the check-out (the date on which control of the goods is transferred to the customer, since the sales do not represent any other unsatisfied performance obligation at that date). Facilities management, property and technical services mainly represent routine or recurring services, whose benefits are simultaneously received and consumed by customers as they are performed by the Company, and therefore correspond to performance obligations satisfied over time. Consequently, the Company applies the practical expedient provided for in IFRS 15 and recognises the revenue for its right to bill (invoicing based on contractual prices, which represent the transaction prices of the different promised services). As a result, revenue recognition matches with billing for most services.

The Company derives some of its revenues from property and technical services, often referred to as hard facilities management, where contracted work takes place typically over a number of months. Revenue from such contracts is recognised over time, by reference to the proportion of total costs incurred at the reporting date compared to the estimated total costs of the contract at completion. Until the outcome of such a contract can be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where such costs are considered recoverable. After this point, margin is recognised in the Statement of Comprehensive Income in line with the corresponding stage of completion. Contract costs include costs that are directly related to the specific contract and costs that are attributable to general contract activity and can be allocated to the contract.

When a third party is involved in providing goods or services to a client (for example, a subcontractor), the Company evaluates whether or not it obtains control of goods or services before transferring control to the client. When the Company controls the good or service before it is transferred to the client, the revenue is recognized on a gross basis. Otherwise, when the control is not obtained, the Company is not considered to be acting as principal in the transaction and the revenue is recognized on a net basis.

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write-off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and equipment	3-12 years
Motor vehicles	3-5 years

No depreciation is provided on freehold land. All short leasehold properties are amortised over the unexpired term of the lease.

Assets held under construction are not depreciated.

2.6 Intangible fixed assets and amortisation

Development costs represent the costs associated with developing software by the Company for its internal use. Development costs are amortised over their estimated useful lives. This is 3-7 years.

Other intangible assets includes concessions, patents, licences, trademarks and similar rights & assets. Licenses purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, being the period over which benefits arise.

2.7 Client investments

Some client contracts provide for a financial contribution by Sodexo. For example, the Company may participate in financing the purchase of equipment or fixtures on the client site that are necessary to fulfil service obligations, or it may make a financial contribution that will be recovered over the life of the contract. They are recognised in accordance with the application of IFRS 15 "Revenue from contracts with customers" for consideration payable to the customer, as a reduction in the transaction price in the absence of a separate good or service provided by the customer. These contributions are recognised as an asset in "Client investments" and spread as a revenue deduction over the service duration. The amortization is recognised as a reduction to revenues over the life of the contract. The amortization period is in general less than 10 years, in line with the contract duration, but may be amortized over a longer period if the contract duration permits.

Client investments are subject to an impairment test in the same way as other non-current assets directly linked to contracts.

2.8 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2.9 Stock

Stock is stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

2. Accounting policies (continued)

2.10 Goodwill

Any residual difference between the fair value of the consideration transferred, increased by the amount of the non-controlling interest in the acquired business and the fair value as at the date of acquisition of the assets acquired and liabilities assumed, is recognised as goodwill in the statement of financial position. Goodwill is considered to have an indefinite useful life and is tested for impairment annually or whenever there is an indication of impairment.

2.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Accounting policies (continued)

2.12 Other costs

Pre-contract costs

Pre-contract costs are expensed as incurred, except when costs are directly attributable to a contract where the award is virtually certain to occur within a reasonable timescale and positive net cash flows are anticipated. In such circumstances costs are recognised within other debtors and written off over the life of the contract, being the directors' best estimate of useful life.

Trademark fees

There are trademark fees relating to the use of intellectual property by the operational entities. These are recharged on an arms length basis from Sodexo S.A and included within Admin Expenses as they are incurred.

2.13 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2.14 Basic financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs, trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Trade and other receivables are impaired to reflect the expected credit losses, assessed using an impairment matrix (application of the simplified impairment model as provided for in IFRS 9 "Financial instruments"). This method consists of applying for each aging balance category a separate impairment rate based on historical credit losses adjusted, when necessary, to take into account prospective factors.

Bank and cash balances

Bank and cash balances comprise cash at banks and in hand as well as short term deposits.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less impairment.

The cost of fixed asset investments is their purchase cost together with any incidental costs of acquisition. Provision is made for any impairment in value as appropriate. Fixed asset investments

2. Accounting policies (continued)

are reviewed for impairment when changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss is recognised as an item of other expenditure in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.15 Pensions

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is the sponsor and employer for a UK Defined benefit scheme. The net obligation in respect of the defined benefit pension plan is calculated by deducting the discounted value of estimated future benefit payments, that employees have earned in return for their service in the current and prior periods, from the fair value of any plan assets (at bid price).

The discount rate is derived by reference to the yield at the reporting date on corporate bonds with a credit rating of at least AA and maturity dates approximating the duration of the scheme's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The Company determines the cost which goes through the Statement of Comprehensive Income as the service cost, plus the net interest on the net defined benefit liability/(asset) for the period. The net interest cost is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), and allowing for Employer contributions and benefit payments made during the year. All administrative expenses related to defined benefit plans are also recognised in the Statement of Comprehensive Income.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises these immediately in other comprehensive income.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, are recognised immediately in the Statement of Comprehensive Income when the plan amendment or curtailment occurs. The Company then calculates the current service cost for the remainder of the reporting period, post the amendment or curtailment, using the same actuarial assumptions as those used to remeasure the net defined benefit liability/(asset).

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company recognises gains and losses on the settlement of a defined benefit plan when the

2. Accounting policies (continued)

settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Company in connection with the settlement, ignoring the effect of the asset ceiling that is reversed separately through OCI.

2.16 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is calculated using the following parameters: risk-free rate of the relevant currency, duration of the lease, credit spread of the Company.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised

2. Accounting policies (continued)

2.16 Leases (continued)

discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.17.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

2.17 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of Financial Position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.18 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.19 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgments which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have the most material impact on the financial performance and position of the Company are as follows:

(i) Impairment of non-current assets

See section 2.18 of the accounting policies for further detail of the Company's policy for the review of impairment.

Determining the carrying value of investments in subsidiaries, where indicators of impairment are observed, requires estimation of the value in use of the investment. The value in use calculations require an estimation of future cash flows expected to be generated by subsidiaries and of suitable discount rates in order to determine the present value of those cash flows.

(ii) Provisions for onerous contracts

Provision is made for onerous contracts. These provisions require management's best estimate of the costs that will be incurred. In addition, the timing of the cash flows and discount rates used to establish net present value of the obligations require management's judgment. For certain prison contracts that are managed operationally and commercially as a single operation, we have taken a portfolio approach when assessing for an onerous contract provision. The approach taken is reasonable as the contracts are with a common client on similar contract and payment terms with a central approach to contract management and service delivery.

(iii) Valuation of post-employment benefit assets and liabilities

The Company operates a defined benefit pension scheme. Valuation of the underlying assets and liabilities of this scheme is dependent upon a series of assumptions, as outlined in section 27 of these financial statements.

4. Turnover

The whole of the turnover is attributable to the provision of food and facilities management services.

All turnover arose within the United Kingdom.

Timing of revenue recognition:

	2023 £000	2022 £000
Revenue recognised as goods and services are provided	**1,399,358**	*1,472,174*
	1,399,358	*1,472,174*

5. Operating expenses

The operating profit is stated after charging / (crediting):

	2023 £000	2022 £000
Depreciation of tangible fixed assets	**15,758**	*16,031*
Amortisation of intangible assets, including goodwill	**1,038**	*1,186*
Impairment of assets held for sale	**2,971**	-
Gain on disposal of tangible fixed assets	**(124)**	*(2,507)*
Defined contribution pension cost	**25,094**	*24,800*
Defined benefit pension cost	**1,316**	*2,014*
Cost of stocks recognised as an expense	**202,063**	*174,685*

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	**506**	*619*

During the year, no non-audit services have been provided.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	**716,166**	*814,070*
Social security costs	**58,143**	*61,651*
Service costs - defined benefit pension scheme	**1,316**	*2,014*
Other pension costs - defined contribution pension schemes	**25,094**	*24,800*
	800,719	*902,535*

Included in wages and salaries is a total share-based payment expense of £3,384,000 (2022: £2,445,000). These arise from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Executives, middle management, site managers & supervisory staff	**3,808**	*3,781*
Front line service staff & other employees	**29,836**	*34,020*
	33,644	*37,801*

8. Directors' remuneration

	2023 £000	*2022 £000*
Directors' emoluments	**1,200**	*863*
Amounts receivable under long-term incentive schemes	**266**	*173*
Company contributions to defined contribution pension schemes	**148**	*94*
	1,614	*1,130*

During the year retirement benefits were accruing to 4 directors *(2022 - 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £827,000 *(2022 - £470,000)*. The remuneration includes £148,000 (2022 - £94,000) in relation to pension contribuiton and £266,000 (2022 - £173,000) in relation to long-term incentive schemes.

During the year 4 directors received shares under the long-term incentive schemes (*2022 -4*)

The amounts disclosed for directors' remuneration represent an allocation of total UK&I director remuneration. Directors' remuneration is allocated to a Company based on the proportion of a director's time spent concerning matters relating to that Company.

9. Income from fixed asset investments

	2023 £000	*2022 £000*
Dividends received from subsidiaries	**4,997**	*4,994*
	4,997	*4,994*

10. Interest receivable and similar income

	2023 £000	*2022 £000*
Interest receivable from group companies	**19,037**	*5,196*
Net (loss)/gain on foreign exchange	**(66)**	*11*
Interest receivable on bank deposits	**1,786**	*1,097*
	20,757	*6,304*

11. Interest payable and similar expenses

	2023 £000	2022 £000
Interest payable to group companies	**20,249**	*9,279*
Interest on lease liabilities	**363**	*341*
Other interest payable	**139**	*244*
	20,751	*9,864*

12. Other finance (expenses)/income

	2023 £000	2022 £000
Interest income on pension scheme assets	**29,468**	*14,470*
Interest expense on pension scheme liabilities	**(23,883)**	*(14,265)*
Impairment of financial assets	**(10,065)**	-
	(4,480)	*205*

Impairment of financial assets includes amounts due from group undertakings of £10,065,000, which has been impaired during the year.

13. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	**5,294**	*8,750*
Adjustments in respect of previous periods	**1,351**	*379*
	6,645	*9,129*
Total current tax	**6,645**	*9,129*
Deferred tax		
Origination and reversal of timing differences	**1,888**	*1,896*
Changes to tax rates	**513**	*1,630*
Adjustments in respect of previous period	**(2,329)**	*(1,353)*
Defined benefit pension	**4,056**	*4,112*
Total deferred tax	**4,128**	*6,285*
Taxation on profit on ordinary activities	**10,773**	*15,414*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022 - higher than)* the standard rate of corporation tax in the UK of 21.515% *(2022 - 19%)*. The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	**51,132**	*72,422*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.515% (2022 - 19%)	**11,001**	*13,760*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,312**	*998*
Income not subject to taxation	**(1,075)**	*-*
Adjustments to tax charge in respect of prior periods	**(978)**	*(974)*
Other differences leading to an increase in the tax charge	**513**	*1,630*
Total tax charge for the year	**10,773**	*15,414*

13. Taxation (continued)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax assets have been measured using appropriate rates substantively enacted at the balance sheet dates and according to the period in which the deferred tax asset is expected to reverse.

14. Intangible assets

	Development £000	*Other intangible assets* £000	*Total* £000
Cost			
At 1 September 2022	**28,433**	**27**	**28,460**
Additions	**2,849**	**-**	**2,849**
Transfer between asset classes	**39**	**-**	**39**
Disposals	**(1,427)**	**-**	**(1,427)**
Reclassified to held for sale	**(634)**	**-**	**(634)**
At 31 August 2023	**29,260**	**27**	**29,287**
Amortisation			
At 1 September 2022	**27,974**	**22**	**27,996**
Charge for the year	**1,036**	**2**	**1,038**
Disposals	**(1,172)**	**-**	**(1,172)**
Reclassified to held for sale	**(484)**	**-**	**(484)**
At 31 August 2023	**27,354**	**24**	**27,378**
Net book value			
At 31 August 2023	**1,906**	**3**	**1,909**
At 31 August 2022	*459*	*5*	*464*

A review is in progress of assets with a £nil net book value to determine whether any are no longer in use and should be disposed of.

15. Goodwill

	2023
	£000
Cost	
At 1 September 2022	**1,689**
At 31 August 2023	**1,689**
Impairment	
At 1 September 2022	**1,439**
At 31 August 2023	**1,439**
Net book value	
At 31 August 2023	**250**
At 31 August 2022	*250*

16. Tangible fixed assets

	Short-term leasehold property £000	*Plant and machinery* £000	*Motor vehicles* £000	*Assets under construction* £000	*Total* £000
Cost or valuation					
At 1 September 2022	**36,125**	**122,564**	**9,129**	**4,768**	**172,586**
Additions	**1,754**	**9,889**	**2,667**	**5,107**	**19,417**
Transfer between asset classes	**-**	**1,446**	**-**	**(1,485)**	**(39)**
Disposals	**(1,284)**	**(16,311)**	**(2,246)**	**-**	**(19,841)**
Reclassified to held for sale	**-**	**(10,374)**	**-**	**-**	**(10,374)**
At 31 August 2023	**36,595**	**107,214**	**9,550**	**8,390**	**161,749**
Depreciation					
At 1 September 2022	**17,442**	**104,152**	**6,452**	**-**	**128,046**
Charge for the year	**4,622**	**8,814**	**2,322**	**-**	**15,758**
Disposals	**(1,193)**	**(15,715)**	**(1,995)**	**-**	**(18,903)**
Reclassified to held for sale	**-**	**(7,553)**	**-**	**-**	**(7,553)**
At 31 August 2023	**20,871**	**89,698**	**6,779**	**-**	**117,348**
Net book value					
At 31 August 2023	**15,724**	**17,516**	**2,771**	**8,390**	**44,401**
At 31 August 2022	*18,683*	*18,412*	*2,677*	*4,768*	*44,540*

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2023 £000	*2022* £000
Tangible fixed assets owned	**26,808**	*24,080*
Right-of-use assets	**17,593**	*20,460*
	44,401	*44,540*

16. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2023 £000	2022 £000
Property	14,852	17,804
Motor vehicles	2,741	2,656
	17,593	20,460

Depreciation charge for the year ended

	2023 £000	2022 £000
Property	(4,614)	(4,776)
Plant and machinery	-	(8)
Motor vehicles	(2,296)	(2,536)

Additions to right-of-use assets

	2023 £000	2022 £000
Additions to right-of-use assets	4,384	9,639

17. Assets held for sale

During the year, the Company has decided to disposed of its operations within Sports & Leisure segment, and consequently all the intangible and tangible assets related to the operations have been reclassed to assets held for sale. Subsequently, all the assets were impaired in full.

	2023 £000	2022 £000
Assets held for sale (net of amortization and depreciation)		
Intangible assets	150	-
Tangible assets	2,821	-
	2,971	-
Impairment of assets held for sale	(2,971)	-
	-	-

18. Investments

	Investments in subsidiary companies **£000**
Cost or valuation	
At 1 September 2022	**75,618**
Additions	**9,903**
Transfer to merger reserve	**(7,973)**
At 31 August 2023	**77,548**
Impairment	
At 1 September 2022	**6,861**
At 31 August 2023	**6,861**
Net book value	
At 31 August 2023	**70,687**
At 31 August 2022	*68,757*

The addition of £9,903,000 in the year relates to acquisition of 100% share capital of Sabaillon Holdco Limited.

The transfer to merger reserve of £7,973,000 for the year represents the reduction in the investment value of Sodexo Property Solutions Limited.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sodexo Prestige Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Healthcare Services Limited	Buchanan Tower, Buchanan Business Park, Cumbernauld Road, Stepps, Glasgow, G33 6HZ	Ordinary	100%
Sodexo Education Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Defence Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%

18. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Sodexo Land Technology Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo International Holdings Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Keyline Travel Management Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Gardner Merchant Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Genesis Facilities Management PLC	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Kelvin Catering Management Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
KS Building Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo (Cyprus) Limited	8 Poseidonos, Larnaca, 6037 Cyprus	Ordinary	100%
Sodexo Property Solutions Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Share Trustees Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sodexo Trustee Services Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Cumbria & Lancashire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Northumbria Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Norfolk & Suffolk Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Essex Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Bedfordshire, Northamptonshire, Cambridgeshire & Hertfordshire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The South Yorkshire Community Rehabilitation Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sports Travel & Hospitality Limited*	One Southampton Row, London, WC1B 5HA	Ordinary	60%
Sports Travel & Hospitality Group Limited*	One Southampton Row, London, WC1B 5HA	Ordinary	60%
Sports Travel & Hospitality New Zealand Limited*	Level 11, 2 Kitchener Street, Auckland, 1010 New Zealand	Ordinary	60%
Friars 702 Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
The Good Eating Holdings Company Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%

18. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
MTS Health Limited	One Southampton Row, London, WC1B 5HA	Ordinary	80%
Fooditude Limited	1st & 2nd Floor Front Offices, 6 Farncombe Road, Worthing, West Sussex, BN11 2BE	Ordinary	65%
Sodexo Live UK Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%
Sabaillon Holdco Limited	One Southampton Row, London, WC1B 5HA	Ordinary	100%

*Sodexo Limited directly holds 60% of these entities and the remaining 40% were owned by MBG until purchased by by Sabaillon Holdco Limited on 20 April 2023.

Impairment assessment for investment in subsidiaries:

In assessing the recoverability of the carrying value of investments in subsidiaries held at the balance sheet date, management have assessed whether the net assets of the investment support the carrying value of the investments held by Sodexo Limited at 31st August 2023.

Where the net assets do not support the carrying value of the investment and as such an impairment trigger is considered to be present, management have performed an impairment test using the principles of IAS 36, treating each investment in a subsidiary as a separate cash generating unit.

The recoverable amount of each cash generating unit where net assets do not support the carrying value of the investment has been determined based on a value in use calculation. A cash flow forecast is prepared each year for each subsidiary and this has formed the basis of this calculation.

Investment in Alliance in Partnership Limited

The recoverable amount of the investment in this subsidiary has been determined using a value in use calculation.

The final year of the 5 year forecast is used to calculate a terminal value using a long term growth rate of 2%. A pre tax discount rate of 10.2% has been applied to the cash flows which has been determined through a weighted average cost of capital calculation.

The key assumptions applied in the value in use calculation are considered to be:
- Revenue growth of 16% – a change of-7.5% would result in an impairment of £10.1m.

The total recoverable amount of the CGU is greater than it's carrying value by £7m in management's base case and hence no impairment has been recognised at 31st August 2023. However, due to the sensitivity of the assumptions applied within the base case, reasonably plausible movements in these could result in a material impairment as detailed above.

19. Stocks

	2023 £000	2022 £000
Raw materials and consumables	**16,800**	*13,367*
	16,800	*13,367*

Raw materials and consumables recognised as cost of sales in the year amounted to £202,063,129 (2022: £174,684,634). The write-down of stocks to net realisable value amounted to £251,087 (2022: £58,054).

20. Debtors

	2023 £000	2022 £000
Trade debtors	**111,245**	*105,708*
Amounts owed by group undertakings	**821,587**	*723,978*
Other debtors	**22,192**	*19,207*
Prepayments and accrued income	**58,229**	*61,517*
Tax recoverable	**3,892**	*7,529*
Deferred taxation	**7,066**	*-*
	1,024,211	*917,939*

20. Debtors (continued)

No interest is receivable on intercompany balances, except as noted below:

Included in amounts due from group undertakings is:

- Amounts falling due after more than one year:
  - £745,000 (2022: £739,000) due from Sports Travel & Hospitality Limited, repayable on or before December 2026, repayable at 2% above the base rate.
  - £36,832,000 (2022: £36,563,000) due from Sodexo Global Services Limited, repayable on or before October 2026, at 0.5% above the base rate;
  - £7,001,000 (2022: £nil) due from Entegra Europe UK Limited, repayable on or before September 2027, at 6.62%. A further £1,064,000 (2022: £nil) due from Entegra Europe UK Limited, repayable on or before September 2025, at 6.95%;

- Amounts falling due within one year:
  - £4,728,000 (2022: £nil) due from Sports Travel & Hospitality Limited, repayable on demand at 5.88%. £7,273,000 (£7,197,000) due from Sports Travel & Hospitality Limited, has been impaired during the year;
  - £934,000 (2022: £906,000) due from Sports Travel & Hospitality New Zealand Limited repayable on or before November 2023, at 2% above the base rate;
  - £431,671,000 (2022: £397,199,000) due from Sodexo Holdings Limited, repayable on demand at 0.5% above the base rate;

All other amounts are repayable on demand.

21. Creditors: Amounts falling due within one year

	2023 £000	2022 (Restated) £000
Trade creditors	**67,888**	*38,382*
Amounts owed to group undertakings	**444,648**	*355,304*
Other taxation and social security	**60,244**	*49,438*
Lease liabilities	**5,820**	*5,996*
Other creditors	**42,384**	*45,658*
Accruals and deferred income	**96,213**	*119,095*
	717,197	*613,873*

No interest is payable on intercompany balances, except as noted below:

Included in amounts payable to group undertakings is:
- £349,589,000 (2022: £334,729,000) due to Sodexo Services Group Limited, repayable on demand at 0.5% above the base rate;
- £2,263,000 (2022: £2,160,000) due to Sodexo Services Company Limited, repayable on demand at 0.5% above the base rate.

All other amounts are repayable on demand.

22. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Lease liabilities	**11,610**	*14,339*
Amounts owed to group undertakings	**250,689**	*250,973*
Other creditors	**256**	*989*
	262,555	*266,301*

Amounts owed to group undertakings of £250,689,000 (2022: £250,973,000) are due to Sodexo Holdings Limited and are repayable in June 2027 at a rate of 2.12%.

23. Leases

Company as a lessee

Lease liabilities under IFRS 16 are due as follows:

Contractual undiscounted cash flows are due as follows:

	2023 £000	2022 £000
Not later than one year	**5,820**	*5,996*
Between one year and five years	**11,407**	*13,129*
Later than five years	**203**	*1,210*
	17,430	*20,335*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023 £000	2022 £000
Interest expense on lease liabilities	**363**	*341*
Expenses relating to leases of low-value assets or short-term leases	**10,330**	*8,879*

24. Deferred taxation

Recognised deferred tax assets and liabilities

Deferred tax asset and liabillities are attributable to the following:

	Assets		*Liabilities*		*Net*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
	£000	*£000*	**£000**	*£000*	**£000**	*£000*
Accelerated tax depreciation	**5,504**	*8,379*	**-**	-	**5,504**	*8,379*
Short term temporary differences	**4,035**	*2,518*	**-**	-	**4,035**	*2,518*
Share-based payments	**2,216**	*849*	**-**	-	**2,216**	*849*
Retirement benefit obligations	**-**	-	**(4,689)**	*(23,148)*	**(4,689)**	*(23,148)*
	11,755	*11,746*	**(4,689)**	*(23,148)*	**7,066**	*(11,402)*

Deferred tax movement

	Accelerated tax depreciation	*Short term temporary differences*	*Share-based payments*	*Retirement benefit obligations*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
1 September 2021	**9,055**	**2,242**	**880**	**(1,867)**	**10,310**
Recognised in income	*(676)*	*276*	*(31)*	*(5,854)*	**(6,285)**
Recognised in equity	-	-	-	*(15,427)*	**(15,427)**
1 September 2022	**8,379**	**2,518**	**849**	**(23,148)**	**(11,402)**
Recognised in income	*(2,875)*	*1,517*	*1,367*	*(4,137)*	**(4,128)**
Recognised in equity	-	-	-	*22,596*	**22,596**
31 August 2023	**5,504**	**4,035**	**2,216**	**(4,689)**	**7,066**

25. Provisions

	Lifecycle provisions £000	*Employee related provisions* £000	*Property Lease* £000	*Restructuring* £000	*Others* £000	*Total* £000
At 1 September 2022 (Restated*)	**22,043**	**10,539**	**3,196**	**1,127**	**3,499**	**40,404**
Charged/ (released) to profit or loss	**4,433**	**(1,332)**	**(28)**	**-**	**2,357**	**5,430**
Utilised in year	**(1,565)**	**(3,464)**	**(125)**	**(717)**	**-**	**(5,871)**
At 31 August 2023	**24,911**	**5,743**	**3,043**	**410**	**5,856**	**39,963**

At 31 August 2023						
Amounts falling due within one year	**6,826**	**5,743**	**-**	**410**	**284**	**13,263**
Amounts falling due after one year	**18,085**	**-**	**3,043**	**-**	**5,572**	**26,700**
	24,911	**5,743**	**3,043**	**410**	**5,856**	**39,963**
At 31 August 2022						
Amounts falling due within one year	*6,315*	*10,539*	*-*	*1,127*	*-*	*17,981*
Amounts falling due after one year	*15,728*	*-*	*3,196*	*-*	*3,499*	*22,423*
	22,043	*10,539*	*3,196*	*1,127*	*3,499*	*40,404*

25. Provisions (continued)

Lifecycle provision
Lifecycle provisions relate to obligations agreed as part of contract delivery which include the repairs, maintenance and replacement of agreed upon buildings, structures and other operational assets over the life of the contract in order to return them in the same condition at the end of its contract term.

*The prior year balance has been restated as disclosed in note no 28.

Employee related provisions
This category includes two main types of provision:
Insurance-related provisions for compensation due to employees for accidents and injuries suffered but unresolved at year end.
Provisions made in relation to employment claims made against the company and their associated legal costs.

Property lease
Provision against empty properties, as well as amounts needed to restore properties to their original condition where the lease requires. Property lease provisions are expected to be utilised over the remaining period of the associated lease.

Restructuring
Provision for redundancy costs relating to internal restructuring announced prior to the year-end.

Other
Other provisions include provision against contracts where costs of fulfilling the contract are higher than the economic benefit expected.

26. Share capital

	2023 £000	*2022* *£000*
Allotted, called up and fully paid		
22,379,146 *(2022 - 22,379,146)* Ordinary shares of £1.00 each	**22,379**	*22,379*

27. Reserves

Merger Reserve

The movement of £7,973,000 for the year represents the reduction in the investment value of Sodexo Property Solutions Limited.

Profit and loss account

This reserve represents the cumulative profits and losses of the company.

28. Prior year adjustment

As detailed in Note 25, lifecycle provisions relate to obligations agreed as part of contract delivery and accordingly should be recorded within provisions. In the previous financial year ended 31 August 2022, these provisions were recorded within trade and other creditors. A prior year restatement has been performed to reclassify the lifecycle provisions as a separate line item within provisions. The effect of the restatement of these financial statements is summarised below.

Effect on 2022

	Trade creditors	*Other creditors*	*Provisions*
	£000	*£000*	*£000*
At 31 August 2022	54,820	51,263	18,361
Reclassification	(16,438)	(5,605)	22,043
At 31 August 2022 (Restated)	38,382	45,658	40,404

During the financial year ended 31 August 2023, an exercise has been performed to reassess the aging of provisions. As an outcome of the exercise, provisions of £22,423,000 have been classified as amounts falling due after one year and £17,981,000 as amounts falling due within one year for the financial year ended 31 August 2022. The exercise involved reviewing the provisions balance at the reporting date to assess when the provision will fall due. Further details have been provided in Note 25.

29. Pension commitments

Defined Contribution Pension Scheme

Under a defined contribution plan, periodic contributions are made to an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds). The pension charge for the period represents contributions payable by the Company to the scheme and amounts to £25,094,000 (2022: £24,800,000).

No contributions (2022: £nil) were payable to the defined contribution scheme at year end.

Defined Benefit Pension Scheme

The characteristics of the Company's principal defined benefit plans are described below:

The Company's obligation relates to a retirement plan funded by externally held assets, and calculated on the basis of:

- for employees working in the private sector, a percentage of final base salary;
- for employees working on public sector contracts, benefits comparable to those offered in the public sector;

This plan was closed to new employees effective 01 July 2003 and the level of contributions was increased in order to cover the shortfall in the fund. The plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial valuation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's Trustee and the Company. Following a consultation process with the members of the pension plan carried out with a view to freezing benefit accruals for certain members, an agreement was signed in October 2012 between the plan's Trustee and the Company whereby from 01 November 2012 the plan would remain open only to employees who transferred to the Company from the public sector, arising from a legal obligation on the Company to pay them certain benefits.

The defined benefit plan exposes the Company to actuarial risks such as longevity risks, interest rate risks and inflation risks, along with the risk of additional contributions to the scheme as a result of changes to asset and liability values. The Trustees actively manage these risks with specialist advice and consultation with the Company. The scheme has a diversified asset portfolio and a high degree of hedging of liabilities against interest rate and inflation risks.

Under the Recovery plan agreed as part of the 2021 valuation the Company made a cash contribution to the scheme of £60m. This addressed the deficit and enabled the scheme to reduce the risk on assets and liabilities. A Parent Company Guarantee of £40m is in place from Sodexo S.A. and there are no further contributions required from the Company under the Recovery Plan. The scheme is currently expected to meet Significant Maturity by Dec 2032. The weighted average duration is 15 years reduced from 17 years due to increase in discount rates

29. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2023 **£000**	*2022* *£000*
At the beginning of the year	**567,358**	*850,181*
Current service cost	**1,316**	*2,014*
Interest cost	**23,883**	*14,247*
Contributions	**183**	*196*
Benefits paid	**(24,120)**	*(23,153)*
Actuarial losses/(gains)		
Actuarial losses/(gains) arising from changes in demographic assumptions	**(3,499)**	*9,225*
Actuarial losses/(gains) arising from changes in financial assumptions	**(87,220)**	*(290,998)*
Experience adjustments	**16,303**	*5,646*
At the end of the year	**494,204**	*567,358*

The defined benefit obligation has reduced significantly due to increases in the long term gilt yields. This has been offset by fallis in matching assets and other classes of assets due to market conditions and the impact of higher inflation on salaries.

Reconciliation of present value of plan assets:

	2023 **£000**	*2022* *£000*
At the beginning of the year	**696,361**	*857,647*
Interest income	**29,468**	*14,452*
Administration expenses	**(1,471)**	*(2,064)*
Contributions by employer	**3,149**	*63,703*
Benefits paid	**(24,120)**	*(23,153)*
Actuarial losses/(gains)		
Actuarial losses/(gains) arising from changes in financial assumptions	**(164,798)**	*(214,420)*
Participant contributions	**183**	*196*
At the end of the year	**538,772**	*696,361*

29. Pension commitments (continued)

Composition of plan assets:

	2023 £000	2022 £000
Cash and cash equivalents	**14,258**	*23,118*
Equity instruments	**58,822**	*128,180*
Liability Driven Instruments (LDIs)	**196,232**	*223,875*
Real estate*	**82,482**	*105,020*
Investment funds	**186,978**	*216,168*
Total plan assets	**538,772**	*696,361*

*The value of the real estate portfolio includes a fund wiath a valuations of £36.5m as at 30 June 2023 with an adjustment for distributions received between that date and the year end as the vaulation is performed by the respective fund manager on quarterly basis only and the valuation difference for the intervening period is not expected to be material.

The plan uses leveraged Liability Driven Investments ("LDIs") to hedge liabilities against movement in interest rates and inflation. The scheme has a high degree of hedging against interest rates and inflation on a technical provisions basis. As a result of the bond crisis in September 2022, additional collateral was posted to the LDIs and the hedge was also reduced slightly.

The scheme does not hold any of the entity's own transferable financial instruments.

Under the rules of the scheme, the Trustees cannot unilaterally wind-up the schemes and the Company would be able to assume gradual settlement of the liabilities over time until all members have left. Having then triggered a wind-up, any remaining surplus would revert to the Company. Furthermore, the power to amend the rules of the scheme lies with the Company, and the Trustees cannot unilaterally improve benefits under the schemes. Therefore, the Company has an unconditional right to a refund under IFRIC14 'IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and thus there is no requirement to restrict any IAS 19 surplus, should it arise, nor to recognise any additional liabilities in respect of minimum funding requirements.

Standard mortality tables, with an adjustment based on a socio-demographic analysis of the Fund's membership from the Statutory Funding Valuation as carried out by the Actuary to the Trustees of the Fund, are used. Allowance is also made for future improvements as per below.

The Continuous Mortality Investigation (CMI) of the Institute and Faculty of Actuaries publish a model for projecting future mortality improvements that is updated each year to build in its latest analysis of mortality rates over the previous year. The CMI_2022 version of the model was published in June 2023 and its core parameters make an allowance for the pandemic based on a projection of excess deaths in 2022, which are expected to be more predictive of future mortality than the outlier years of 2020 or 2021. The 31 August 2023 year end disclosures were prepared using a proxy for these core CMI_2022 tables as the actual tables were not available when the assumptions were agreed.

Employer contributions expected for the following year is £3,149,006.

29. Pension commitments (continued)

	2023 £000	2022 £000
Fair value of plan assets	**538,772**	*696,361*
Present value of plan liabilities	**(494,204)**	*(567,358)*
Net pension scheme surplus	**44,568**	*129,003*

The amounts recognised in Statement of Comprehensive Income are as follows:

	2023 £000	2022 £000
Current service cost	**1,316**	*2,014*
Interest on obligation	**23,883**	*14,265*
Interest income on plan assets	**(29,468)**	*(14,470)*
Administration expenses	**1,471**	*2,064*
Total	**(2,798)**	*3,873*

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £90,383,000 (2022 - £61,707,000)

Expected cash flows for following year:

	2023 £000
Expected total benefit payments	**-**
Year 1	**24,891**
Year 2	**25,688**
Year 3	**26,510**
Year 4	**27,358**
Year 5	**28,234**
Next 5 years	**155,313**

29. Pension commitments (continued)

	2023 £000	2022 £000
Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	**(3,498)**	*9,225*
Effect of changes in financial assumptions	**(87,220)**	*(290,998)*
Effect of experience adjustments	**16,303**	*5,646*
(Return) on plan assets (excluding interest income)	**164,798**	*214,420*
	90,383	*(61,707)*

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	**5.4**	*4.3*
Future salary increases	**3.7**	*3.85*
Future pension increases	**2.96**	*3.07*
Rate of revaluation during deferment	**2.65**	*2.7*
Retail Prices Inflation assumption	**3.2**	*3.35*
Assumed life expectancy on retirement at age 65:		
Retiring today (male member age 65)	**21.6**	*21.9*
Retiring in 25 years (male member age 40 today)	**23.2**	*23.2*
Retiring today (female member age 65)	**23.3**	*-*
Retiring in 25 years (female member age 40 today)	**25.1**	*-*

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions. Different sensitivities can be obtained by interpolations.

Assumption	**Change in assumption**	**Impact on defined benefit obligation**
Discount rate	*Increase / decrease by 1.0%*	*Increase by 15% / Decrease by 12%*
Inflation assumption	*Increase / decrease by 0.5%*	*Increase by 7% / Decrease by 7%*
Post retirement mortality	*Increase by 1 year*	*Decrease by 2%*

30. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year, the Company has entered into facility management transactions with Agecroft Prison Management Limited. Agecroft Prison Management Limited is a related party by virtue of the fact that 50% of the ordinary share capital is owned by Sodexo S.A..

Revenue from operations and balances outstanding at 31 August 2023 with Agecroft Prison Management Limited are as follows:

	2023	*2022*
	£000	*£000*
Revenue from operations	**58,693**	*51,916*
Trade receivables	**4,455**	*4,313*

31. Controlling party

The Company's immediate parent undertaking and controlling party is Sodexo Holdings Limited, a company incorporated in England and Wales.

The Company's ultimate parent company and controlling party is Sodexo S.A., a company incorporated in France. This is the smallest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexo S.A., 225 Quai de la Bataille de Stalingrad, 92866 Issy-Les-Moulineaux, France.