

PROCUREMENT DEEP DIVE

September 2024



Speakers



Dennis Hogan

CEO of Foodbuy,
Compass Group North America



Karl Atkins

CEO of Foodbuy,
Compass Group UK and Ireland



Clare Joyner

Chief Procurement Officer,
Compass Group Europe
& Middle East



Chef Chris Ivens-Brown

Chief Culinary Officer, Eurest,
Compass Group North America



Agatha Donnelly

Group Head of Investor Relations &
Corporate Communications, Compass
Group PLC



Procurement is critical to Compass' success

- Contributes to organic growth through new business wins and retention
- Source high quality products at competitive prices, bespoke to client needs
- Industry leading food service GPO (Foodbuy)
- Supply chain flexibility and resilience
- Talented procurement experts
- Strategic roadmap for procurement excellence outside of the US



What is Foodbuy?

- Our GPO & the blueprint model for Procurement - 25 years of investment & data in US
- Strategic sourcing of food and beverage for Compass & third party members
- Leverages collective scale to buy the best quality products at competitive prices
- Drives compliance with preferred suppliers
- Foodbuy US model replicated in UK, Canada and Australia
- Over 1,000 procurement experts



We operate Foodbuy in four of our core markets...



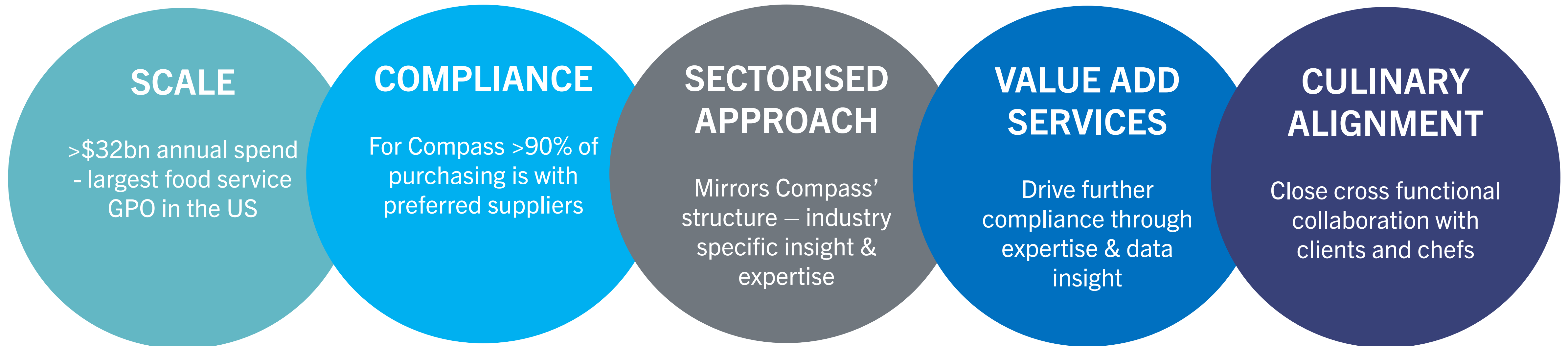
...which account for nearly 80% of Group revenue



FOODBUY US



Foodbuy US has clear competitive advantages...

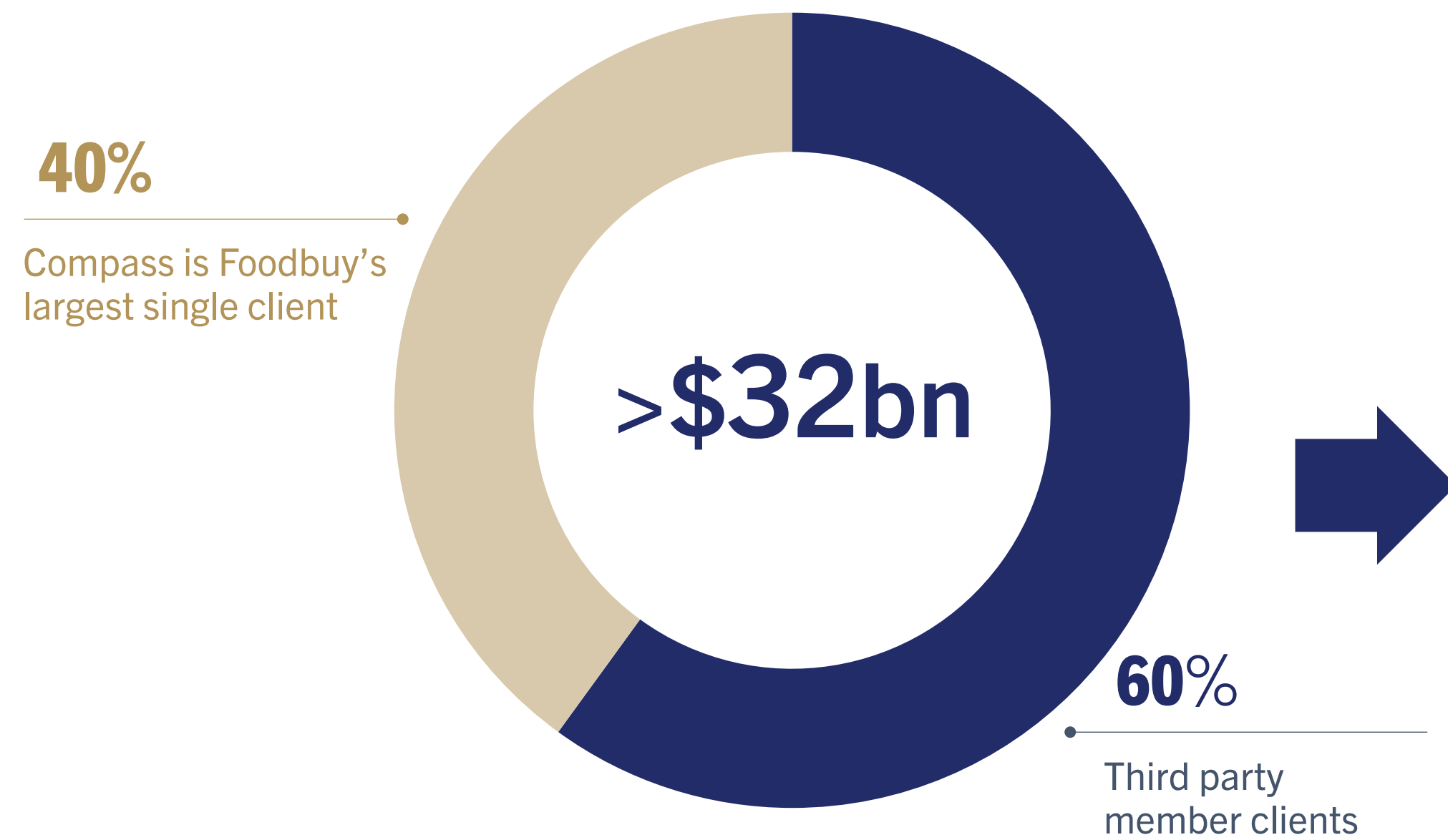


...built over 25 years and difficult to replicate



Foodbuy is the largest food service GPO in our industry...

Annual food & beverage spend



Healthcare & education	Hospitality & leisure	Restaurants & food service
<ul style="list-style-type: none">• Healthcare GPO's• Healthcare systems• Universities & colleges	<ul style="list-style-type: none">• Hotel chains / groups• Resorts & clubs• Casinos & entertainment	<ul style="list-style-type: none">• Restaurant GPOs• Small restaurant chains• Non-compete food service

>160K
Client locations

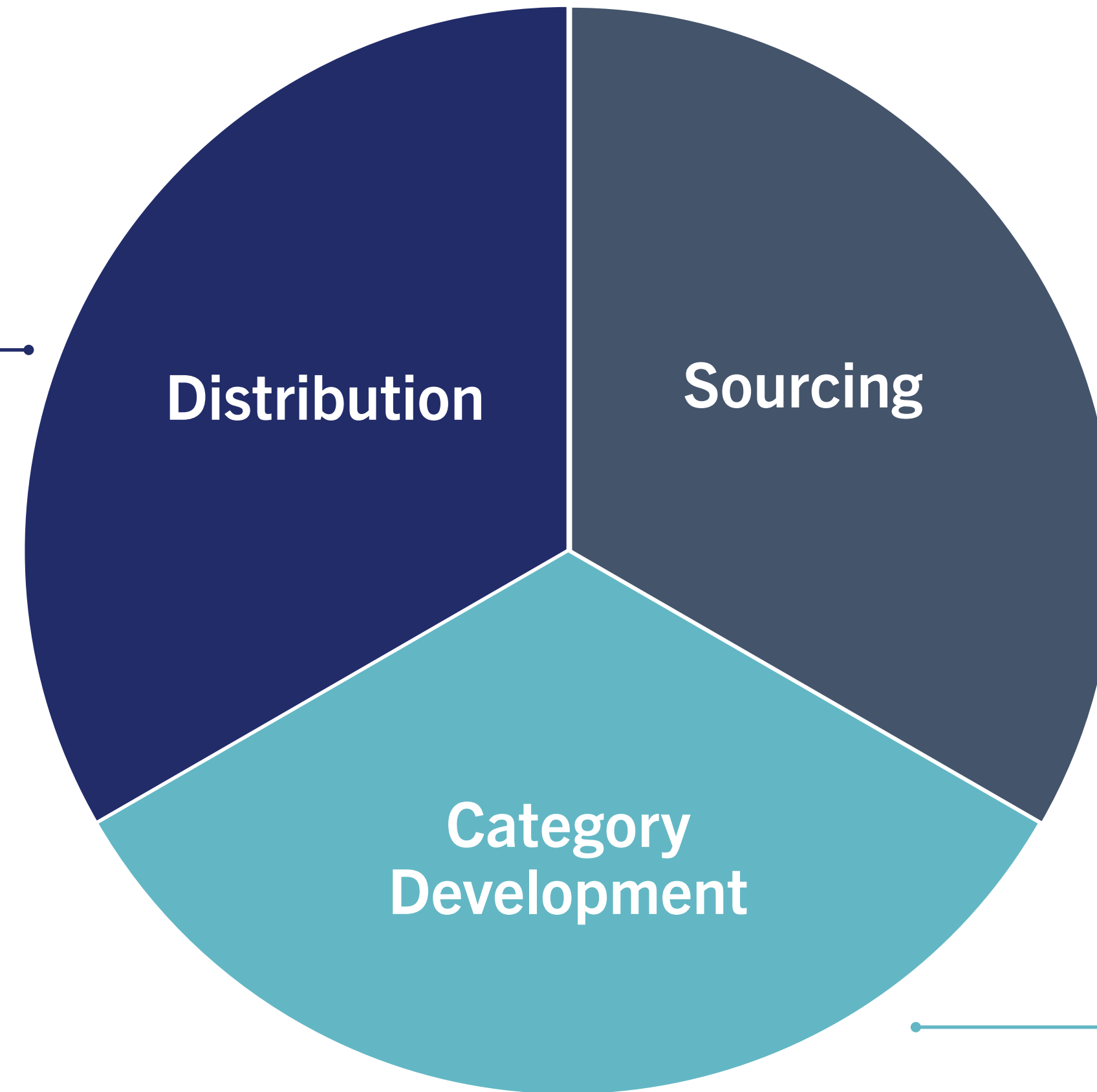
>750k
Managed SKUs

>3K
Suppliers



...and is structured around three core functions

- Smooth supply chain logistics
- Delivered on time & in full
- Distributor agnostic

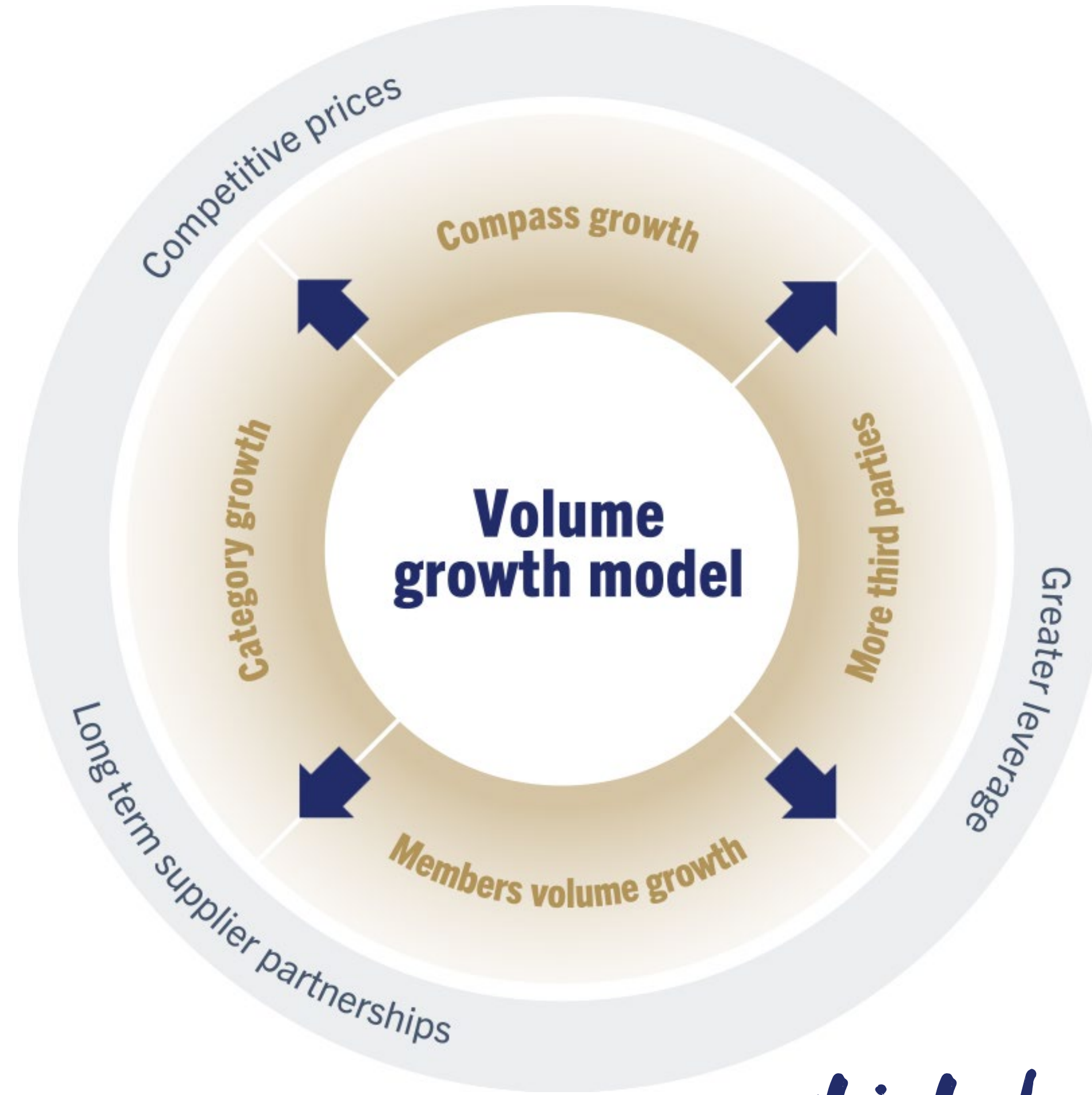


- Tender key categories
- Find new suppliers
- Track macro and market trends

- Nurture new suppliers
- Work closely with culinary
- Secure best products



Virtuous circle of growth...



...which benefits all stakeholders



Foodbuy's flexibility ensures supply chain resilience

Category diversification
enabled by scale

Breadth of suppliers
From local growers to national distributors

Multiple logistics providers
Distributor agnostic

Strong supplier relationships

Optimises availability

Minimises disruption



Compliance is critical to the success of a GPO...

- Proportion of total spend on approved products
- Maximise volume with strategic suppliers over the long-term
- Enables us to secure best commercial value
- Systematic processes enforce purchasing discipline
- Build third party member compliance by demonstrating savings

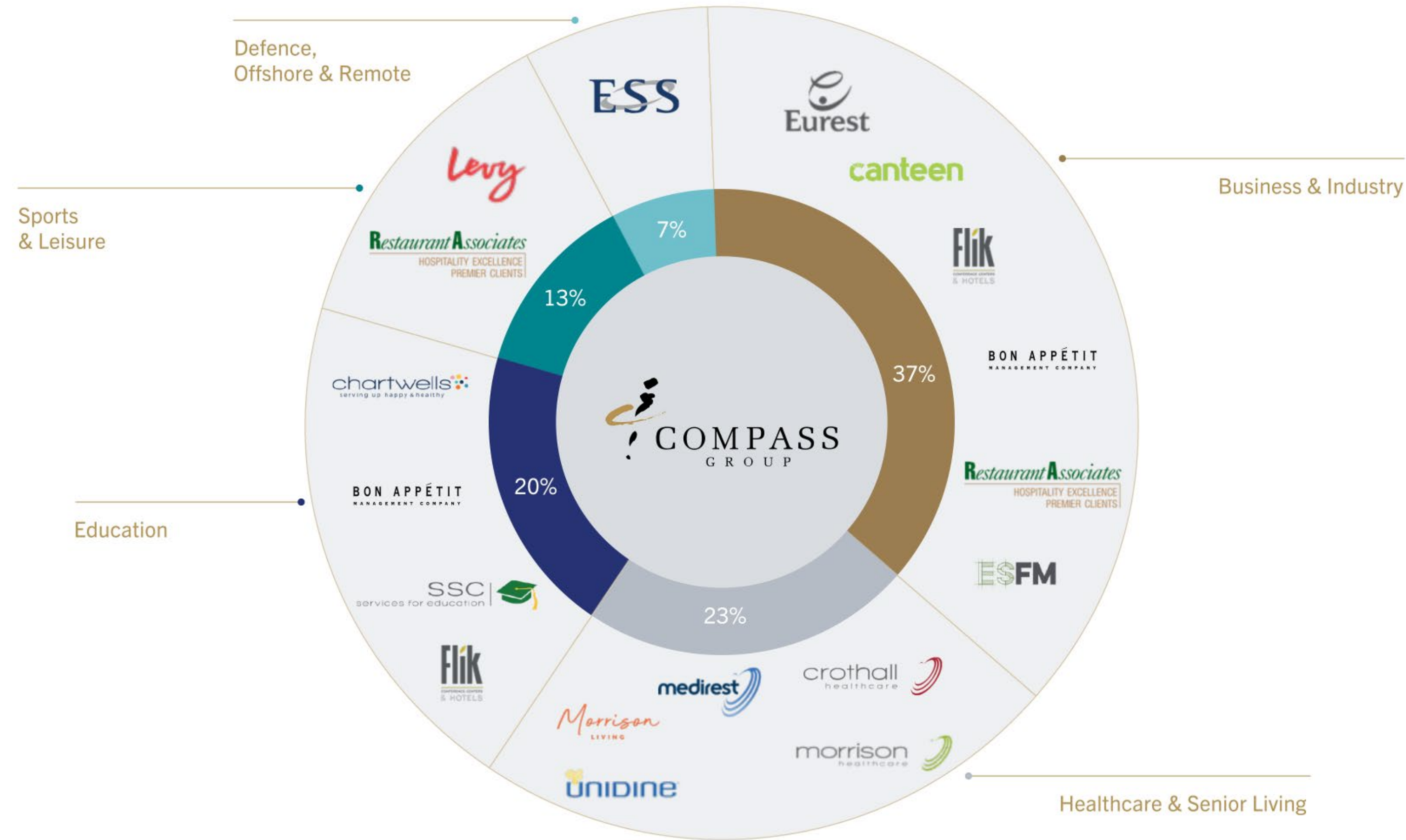
>90%

Compass' purchasing
with preferred suppliers

...and is a key performance measure for Foodbuy



Foodbuy mirrors Compass' sectorised approach to the market...



...enabling it to provide sector specific insight and expertise



...as well as 'value add services' to members

DATA & TECH

Actionable insights by leveraging long history of data

OPTIMISING FOOD COSTS

Fully costed menus based on managed SKUs, driving compliance

CULINARY EXPERTISE

Collaboration with chefs to influence menus, nutritional & allergen expertise

DISTRIBUTION EFFICIENCIES

Optimising supply chains and logistics to help operations and reduce costs

ESG

Carbon reduction initiatives to help members deliver Scope 3 targets





REPLICATING FOODBUY ACROSS THE GROUP



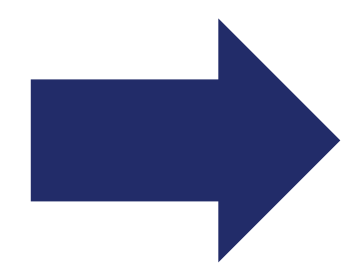
Our procurement maturity roadmap

START UP

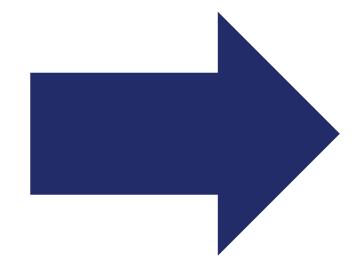
EMERGING

ADVANCED

Upweight procurement capability

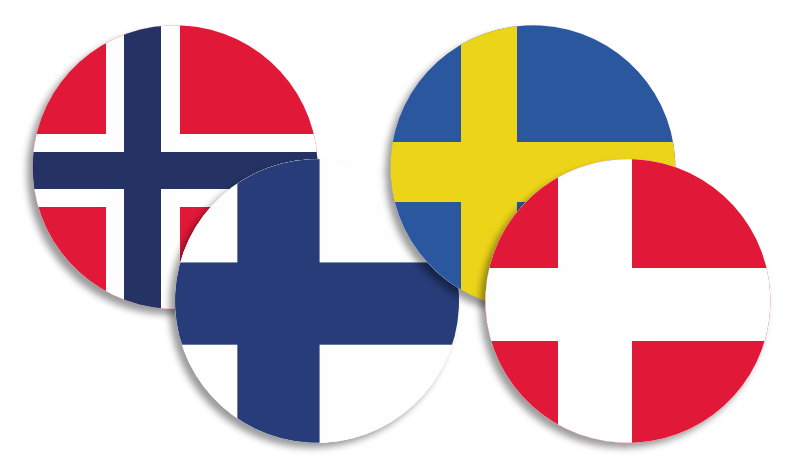


Strategic function & growth enabler



Full GPO model
Maximise scale advantages from Compass & third party volume

Mainly smaller markets across the Group



NORDICS



CONTINUOUS IMPROVEMENT



Can the Foodbuy model work in Europe?

- Procurement managed within each country – local suppliers and different culinary tastes
- Growing scale within each country is key to unlocking value
- Compass' growth creates more purchasing opportunity
- Focus on moving countries along their maturity roadmaps
- Potential to develop Foodbuy model in larger countries in time



Significant opportunity as we increase scale



LOOKING AHEAD



Clear growth priorities for all stages of procurement maturity...

- 1 Develop and nurture talent
- 2 Invest in data and systems
- 3 Best practice sharing
- 4 Continue to improve collaboration

...including Foodbuy





SUPPLEMENTARY



Glossary of Terms

UK Terminology

GPO – Group Purchasing Organisation

APL – Approved Product List

AVL – Approved Vendor List

SKU – Stockable unit / Stock keeping unit

US Terminology

MOG – Managed Order Guide

VA – Volume Allowance, also known as rebates





OUR DEEP DIVE SERIES



Learn more about our previous Deep Dives...

Sustainability

September 2023

Covering the Group's sustainability strategy, Climate Net Zero progress and innovations towards a more sustainable future for all.



Digital

September 2022

Covering the Group's digital strategy, technology capability and how these are embedded in our operations.



Visit our [website here](#) for more information