

RE: RPF CPI file - current vs new pricing

From: Simon Russell <[REDACTED]@realpetfoodco.com.au>
To: Paul Carroll <[REDACTED]@coles.com.au>
Date: Wed, 02 Feb 2022 22:48:32 +1100

Hi Paul,

Thank you for the time today and the note below.

We are equally keen to resolve this week and appreciate your acknowledgement and explanation that VMO team are inundated with pricing requests, hence the delayed responses through the process. Our commitment is that we will continue to provide the required information in a timely manner as we have done to date.

We highly value our mutual partnership and recognise that the VMO team have partially confirmed the proposed increase. However, due to the unprecedented size of the cost pressures we have absorbed for many months, it is simply not sustainable for us to continue with the current pricing. In fact, even at 100% recovery of the current pressures shared in November, we are not recovering the full \$ impact of these costs (let alone the margin rate impact). Separately but relevantly, the commodity pressure and 2022 outlook since we shared this increase last year has significantly worsened, further compounding our ability to operate sustainably.

Due to the genuine cost pressures we are absorbing, we are certain that the VMO team will be able to confirm increases in excess of 100% of the value we have shared. As stated on the call, we are therefore not able to agree to a delay in the timing of the increase, nor can we provide additional deals to offset the price variation of suggested VMO commodity increase vs our new price list and justification.

Thanks again for chasing the VMO team. Please note that our systems will not be able to process PO's from Monday 7th Feb at old list prices. As per the prior offer, we are happy to make any time available via Teams/ Zoom to discuss information directly with the VMO team and expedite the process by supplying information directly (we can include our Head of Procurement in this meeting to further expedite).

We look forward to hearing from you

Cheers,

Simon

From: Paul Carroll <[REDACTED]@coles.com.au>
Sent: Wednesday, 2 February 2022 5:22 PM
To: Simon Russell <[REDACTED]@realpetfoodco.com.au>
Subject: RE: RPF CPI file - current vs new pricing

Thankyou. Its genuinely not my intention for us to get to a stop supply position especially after the effort the teams are going to. If it is looking like that Friday AM our supply teams would massively appreciate the heads up to help with pick slots which I hope you understand- so please put the position in writing on Friday if you don't mind

I have chased the VMO now and for your reference my leave is

11th Feb- 2nd March

Paul

From: Simon Russell <[REDACTED]@realpetfoodco.com.au>
Sent: Wednesday, 2 February 2022 4:58 PM
To: Paul Carroll <[REDACTED]@coles.com.au>
Subject: RPF CPI file - current vs new pricing

Hi Paul,

Thanks for the catch up

As requested... CPI in excel document

Cheers

Simon

Simon Russell
Customer Business Manager Coles



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