

Section 1. Current State Screenshot of Tab:

Please ensure this screenshot is always up-to-date and reflective of the current state of the Portal.

Supplier Cost Alterations Process

Coles is committed to providing Australian families with quality food at great value. It is incumbent upon us to ensure that supplier cost price increase requests are validated and justified, both in terms of the rationale for the increase and the quantum of the increase requested.

Based on the feedback that Coles has received from suppliers and team members, we have improved the Cost Price Adjustment Policy to make the request and validation process simpler and more transparent.

The Cost Price Adjustment policy that appears below details the new process for the submission and review of cost price increase requests. This revised policy is effective from 21 April 2015. Please review the uploaded policy and if you have any questions about the new cost price adjustment process please contact the Coles VMO team at CostPriceIncreaseRequests@coles.com.au

To lodge a cost price increase request, please complete the improved Coles Cost Price Increase template in full and then forward it to the relevant Coles Category Manager with a copy to CostPriceIncreaseRequests@coles.com.au

Cost Price Adjustment Policy

Coles is committed to providing our customers with the best value possible and therefore requires all cost price adjustments for goods for resale to be reviewed and validated prior to being implemented.

1. Subject to the terms of any contractual agreement between you and Coles, cost price adjustments will only be granted in accordance with this cost price adjustment policy (the **Policy**). Contractual agreements will supersede the Policy.
2. When submitting a cost price increase request, suppliers must complete the [Cost Price Increase Template](#) with all required information. The completed Template must be e-mailed to the relevant Category Manager, copied to the Cost Price Increase Requests Inbox. (CostPriceIncreaseRequests@coles.com.au)
 - a. Coles is unable to review cost price increase requests where insufficient data has been provided to properly validate cost price increase requests.
3. The review and validation process for cost price increase requests may take up to 12 weeks. The 12 week time period will commence on the submission of a correctly completed Template and all supporting documents.
 - a. Coles will contact you within two working days of the submission of the Template to let you know whether we require further information.
4. Cost price adjustments will only be permitted when based on changes to the following direct, variable input costs:
 - a. raw materials costs;
 - b. packaging costs;
 - c. freight costs; and
 - d. utilities costs – including gas, electricity and water.

For the avoidance of doubt, foreign exchange is taken into account when considering a cost price adjustment. Indices quantified in currencies other than Australian Dollars are converted to AUD at the relevant spot rate. That is, where relevant, the impact of the exchange rate on the supplier's purchasing costs will be taken into consideration.

For the avoidance of doubt, cost price adjustments requests based on changes to the following input costs will not be considered for adjustment under the Policy:

- a. labour costs;
- b. marketing costs;
- c. fixed costs; and
- d. any other overhead costs.

5. Coles is committed to protecting the confidentiality of any data provided by you as part of the cost price adjustment process. Coles has engaged a specialist analytics firm to independently validate cost price adjustment requests. However, to address any concerns you may have about the provision of confidential information, you may:
 - a. enter into a confidentiality agreement in relation to the information provided to the specialist analytics firm; or
 - b. engage an independent third party to conduct a confidential review of the information and provide a recommendation to Coles. The identity of the independent third party is to be agreed between you and Coles and the cost of such review will be shared equally by the parties.
6. Cost price increase requests may be accepted, partially accepted or rejected.
7. Coles will not accept a cost price increase where the request cannot be validated. Coles will identify the methodology, data and any indices that have been used to assess the cost price adjustment.
 - a. Coles' specialist analytics firm uses the following commodity databases and sources to track commodity movements and validate cost price adjustments:
 - i. Mintec;
 - ii. ABS Bureau of Statistics – Freight, Gas, Electricity and Water Index;
 - iii. Dairy Australia – Cheese, Butter, Skim and Whole Milk Powder indices; and
 - iv. MLA for Cattle price.
 - b. In the event you believe there is an alternative, more appropriate index for validation of your cost price increase, Coles will consider the use of this index.
8. Coles is committed to ensuring that you are able to recoup cost price increases that can be validated. However, for the avoidance of doubt, we reserve the right to work with you to seek agreement to minimise any:
 - a. negative pricing effects for our customers; and/or
 - b. adverse effect on the performance of your products,
 that might result from a validated price increase.
9. Coles retains discretion to accept cost price increases in circumstances where a supplier advises Coles of the existence of 'extraordinary circumstances' that it considers necessitates the implementation of a cost price increase which is not in accordance with the Policy, for instance in case of financial hardship. The grant of a cost price increase in these circumstances will be conditional on proof of such 'extraordinary circumstances' being provided to Coles. Coles reserves the right to require information to assess the validity of any such application.
10. Coles considers that where there have been validated decreases in commodity input costs for suppliers, these should be reflected in cost price reductions to Coles. Coles will approach you to discuss the recovery of such costs where applicable.

[Cost Price Increase Template](#)

[CPI Example](#)

Section 2. Future State Screenshot of Tab:

Please provide a screenshot, or instructions of the proposed changes to this tab. If there are only wording changes, please refer to Section 3.

No change to structure, or look and feel. Only wording change

Section 3. Wording:

This section contains the text which resides on this tab. If you wish to make an update to the wording on this tab, please update the below text to reflect this change.

Proprietary Supplier Cost Alterations Process

Coles is committed to providing Australians with quality food at great value. It is incumbent upon us to ensure that supplier cost increase requests are validated and justified, both in terms of the rationale for the increase and the quantum of the increase requested.

The Cost Price Adjustment policy that appears below details the new process for the submission and review of cost price increase requests. This revised policy is effective from 1 January 2021.

To lodge a cost increase request, please complete the Coles Cost Increase template and then email it to the relevant Coles Category Manager, with a copy to the Cost Price Increase Requests Inbox (CostPriceIncreaseRequests@coles.com.au). When completing the template, including more relevant information allows Coles to most accurately assess your request.

Unless stated otherwise in the relevant supply agreement, **this Policy does not apply to the supply of Coles Brand Goods or goods not for resale.**

Cost Price Adjustment Policy

1. Subject to the terms of any contractual agreement between you and Coles, cost price adjustments will only be granted in accordance with this cost price adjustment policy (the Policy). Contractual agreements will supersede the Policy.
2. When submitting a cost increase request, suppliers must complete the Cost Increase Request Template with all required information. The completed Template must be emailed to the relevant Category Manager with a copy to the Cost Price Increase Requests Inbox (CostPriceIncreaseRequests@coles.com.au).
 - Coles will contact you following the submission of the Template to let you know whether we require further information.
 - Coles will provide a response to your submission within 30 days.
3. In order to begin assessing a cost increase request, we require the following information to be provided:
 - SKU details (including Coles item number/barcode)
 - Date of last price change
 - If it is the first cost increase request for the product, please use the date of ranging
 - The value/amount of the change being requested (per unit)
 - Proposed effective date
 - We request that suppliers allow at least 12 weeks from the date of submission for any changes to be implemented. This allows time for an initial response within 30 days, subsequent negotiations (if required) and time for us to work through any resulting changes (such as changes to upcoming promotions)

When completing the Template, including more information will generally lead to assessments that more closely reflect your specific circumstance.

4. Cost price adjustments will be assessed considering changes to direct, variable input costs which are subject to external market forces, such as:
 - a. raw materials costs;
 - b. packaging costs;
 - c. freight costs; and
 - d. utilities costs (including gas, electricity and water)

For the avoidance of doubt, the impact of exchange rates on the supplier's purchasing costs is considered (where relevant) when assessing a cost price adjustment. Indices quantified in currencies other than the purchase currency are converted at the relevant spot rate.

Labour cost increases will be considered to the extent that they have been implemented by the supplier to meet the requirements of the [Coles Ethical Sourcing Policy](#) and any applicable laws. Cost increase requests based on changes to the following input costs will not be considered:

- a. marketing costs;
 - b. fixed costs; and
 - c. any other overhead costs.
5. Coles will never require a supplier to provide commercially sensitive information if the supplier does not wish to provide such information.
6. Coles is committed to protecting the confidentiality of any data provided by you as part of the cost price adjustment process. However, to address any concerns you may have about the provision of confidential information, you may:
 - a. enter into a confidentiality agreement in relation to the information provided; OR
 - b. engage an independent third party to conduct a confidential review of the information and using Coles' review methodology provide a recommendation. The identity of the independent third party is to be agreed between you and Coles and the cost of such review will be shared equally by the parties.
7. Cost price increase requests may be accepted, partially accepted or rejected. Coles will identify the methodology and indices that have been used to assess the cost price adjustment.
 - a. Coles uses various data sources to track commodity movements and validate cost price adjustments including Mintec, Australian Bureau of Statistics, Australian Securities Exchange, Dairy Australia and Meat & Livestock Australia.
 - b. In the event you believe there is an alternative, more appropriate index for the validation of your cost price increase, Coles will consider the use of this index.
8. Where Coles has responded to the supplier either partially accepting or rejecting a cost increase request, the supplier may request that Coles enters into further negotiations. Any such request must be e-mailed to the relevant Category Manager, and copied to the Cost Increase Requests Inbox (CostPriceIncreaseRequests@coles.com.au). Coles will endeavour to conclude our position on these negotiations as quickly as possible.

9. Coles is committed to ensuring that suppliers are able to recoup cost increases that can be validated. However, for the avoidance of doubt, we reserve the right to work with you to seek agreement to minimise any:
 - a. negative pricing effects for our customers; and/or
 - b. adverse effect on the performance of your productsthat might result from a validated price increase.
10. Coles retains discretion to accept cost increases in circumstances where a supplier advises Coles of the existence of 'extraordinary circumstances' that it considers necessitates the implementation of a cost increase which is not in accordance with the Policy, for instance in case of financial hardship. The grant of a cost increase in these circumstances will be conditional on Coles being satisfied of the existence of such 'extraordinary circumstances'.
11. Coles considers that where there have been decreases in commodity input costs for suppliers, these should generally be reflected in cost reductions to Coles. Coles may approach you to discuss a cost reduction in these circumstances.

[Cost Price Increase Template](#)

[CPI Example](#)