

****INTERNAL ONLY** Alternate View | Arnotts_20220217_Biscuits & Cookies**

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Date: Fri, 04 Mar 2022 14:41:15 +1100
Attachments: Summary - P2P - Arnotts.xlsx (177.4 kB)

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Hi Beccy & Via,

In addition to the recommendation already shared, please see the attached summary for point-to-point analysis information as an alternate view.

Point-to-point analysis is often more reflective of a supplier's point of view when submitting a CPI – this is not the standard approach we use to assess CPI requests. In this case, point-to-point analysis shows that **9.9% (\$22.7m in COGS p.a.) can be justified** of the request for **10.7% (\$24.6m in COGS p.a.) with a gap of \$1.9m in COGS p.a.**

Commentary on gap between validation and supplier's ask

- The supplier is likely justifying their request on a portfolio level while Coles analyses the request on a SKU level
 - This is particularly evident in SKUs with Wheat as the main input (Salada, Vitawheat) which has decreased in price since June 2019, the supplier's claimed movements would not justify their requested increase
- The supplier is taking into account Labour and Other Overheads in their overall costs impacts which represents **RE**% for their 2017 SKUs and **RE**% for their 2019 SKUs
 - Coles does not consider Other Overheads in the CPI process and Labour costs only to the extent they have been implemented to meet the requirements of the Coles Ethical Sourcing Policy and any applicable laws

Please let us know if you have any queries.

Thanks,
Elissa

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