

Summary of CPI validation

From: Beccy Thompson <[REDACTED]@coles.com.au>
To: Ryan Bowman <[REDACTED]@arnotts.com>
Cc: Adrian Yik <[REDACTED]@arnotts.com>; Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>; Via Lavdas <[REDACTED]@coles.com.au>
Date: Thu, 10 Mar 2022 16:01:47 +1100
Attachments: Copy of Summary - Arnotts 2022.xlsx (178.02 kB)

Hi Ryan,

Thank you for your time earlier today.

As discussed currently 3.8% of your ask can be validated of the request of 10.7%. [REDACTED] % of the ask cannot be accepted as this is based on overheads and Labour and it is Coles policy not to accept these cost increases. The remainder of the CPI can not be validated by the team – I have attached a summary for you to review.

Next Steps:

If the prices seen in our market indices do not correlate to the price trends experienced by Arnotts, you can provide us with some sort of documentary evidence to support price movements they have quoted (either in the form of contracts or invoices or any publicly available indices)

Coles is committed to protecting the confidentiality of any data provided by any supplier as part of the cost price adjustment process. However, to address any concerns they may have about the provision of confidential information the supplier may:

- a. Enter into a confidentiality agreement in relation to the information provided (with Coles CCT) i.e. to share invoices to confirm the cost increases
- 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 the supplier and Coles and the cost of such review will be shared equally by both parties.

As well as the above, based on our feedback earlier today, please can you review the funding levels and promo strategy and re-send the tactics template. We emphasised the importance of volume and value to Coles and would like you to come back with a proposal that talks to this, and gives us the confidence that we will grow volume and customers whilst remaining competitive in the market.

Hope that all makes sense, please reach out if you have any questions.

Thanks

Beccy

Beccy Thompson
Senior Category Manager
 Biscuits

L1 M9 800 Toorak Road
 Hawthorn East Victoria 3123

M [REDACTED]
 E [REDACTED]@coles.com.au