

## Re: Arnott's CPI

**From:** Timothy Jones <[REDACTED]@coles.com.au>  
**To:** Becky Thompson <[REDACTED]@coles.com.au>  
**Date:** Wed, 04 May 2022 17:57:11 +1000

No gap, the \$[REDACTED] increasing in funding is enough to cover the [REDACTED]% and a bit more. (The \$[REDACTED] increase in supplier funding is also quite significant when I compare to other BCM areas and suppliers).

I would be comfortable to accept the 10.7%, knowing that 7% has been validated and then the [REDACTED]% has effectively been traded back through the trade plan.

Thanks,  
 Tim

Sent from my iPhone

On 4 May 2022, at 5:39 pm, Rebecca Thompson <[REDACTED]@coles.com.au> wrote:

Thanks Tim.

So if we accept the 10.7% is there a gap based on the plan with the agreed funding.

I just want to be confident that if I agree to the additional [REDACTED]% we have negotiated everything we can.

Sent from my iPhone

On 4 May 2022, at 5:27 pm, Timothy Jones <[REDACTED]@coles.com.au> wrote:

Hi Becky,

Key takeaway is the Supplier is forecasting to increase their funding by \$[REDACTED] which will account for the gap in what is accepted in the CPI.

See workings below:

<image002.png>

Callouts:

- There is a difference in Cost Impact of CPI depending on whether we use the 12 month history view (what the CPI team use), or the 12 month forecast in the trade plan. I would suggest the actual number will land somewhere in between the two as Suppliers tend to forecast mix favourably to have less of an impact on COGs.
- From Memory **we accept 7% out of the 10.7% request – I didn't have that written down that was from our chat before so please double check that is right**
- Using either methodology we come to the same answer that the increase in Supplier Funding is enough to offset the gap in the CPI.

Let me know if any questions and I can get back to you.

Thanks,

**Tim Jones**

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 Merchandise Strategy & Transformation

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[Supplier Management Hub](#)

<image003.png>

<image004.png>



	COGs Impact (Based on Prior 12 months)	COGs Impact (based on next 12 month forecast)
COGs Impact of CPI	\$25.2m	\$23.7m
COGs Accepted (7% of 10.7% request)	\$16.5m	\$15.5m
COGs Remaining	\$8.7m	\$8.2m
<b>REDACTED - CONFIDENTIAL</b>	<b>\$RE</b>	<b>\$RE</b>
<b>Net Cost Impact (excl accepted portion)</b>	<b>-\$676,480</b>	<b>-\$1,186,181</b>