

AGREEMENT FOR TEMPORARY FUEL-RELATED LIST PRICE CHANGE**Background**

FSNI operates a standard process for list price changes, that generally takes 12 weeks to implementation of agreed changes.

We recognise that fuel cost increases arising from the current situation in the Middle East are having an impact on our suppliers, and we want to engage openly and collaboratively on this.

At the same time, retail customers are already under significant pressure, so our focus is on keeping prices as low as possible. Where we can, we want to separate temporary fuel cost impacts from longer term or structural inflation. Due to the dynamic nature of the situation in the Middle East, our expectation is that fuel cost pressures should unwind over time, and pricing should reflect that as conditions ease.

FSNI is introducing a temporary accelerated list price change process for Fuel Adjustment Factor (FAF) and equivalent fuel-related transport cost pressures in Grocery products.

We are targeting a 4-6 week implementation period for these list price changes, from the submission of a duly completed request (see requirements below).

Under this temporary accelerated process, fuel-related cost price change requests will be reviewed and processed as a separate, conditional and timebound list price changes, rather than as part of a standard list price increase.

To be clear, this accelerated process does not affect our obligations under the Grocery Supply Code to communicate a decision to you on a price increase request within 30 days of receipt or seek additional information that is necessary for us to make an informed decision.

This agreement forms part of your “Commercial Terms” as defined in your Grocery Supplier Contract.

There are a few key things to note:

- The accelerated process is only applicable to Fuel Adjustment Factor (FAF) or equivalent fuel-related transport costs impacted by fuel price changes in connection with the present situation in the Middle East.
- Any cost changes unrelated to FAF or transport cost increases in connection with the present situation in the Middle East, or any sustained increases, will continue to follow our standard list price process.
- The accelerated process is dependent on you agreeing to the conditions outlined below to help expedite the process. If you do not agree to below conditions, the list price change the price change may not be able to be processed within the accelerated 6-week timeframe and be processed under our standard list price process.
- Acceptance of any list price change is subject to FSNI review and approval.
- In reviewing the request, we will kindly ask for supporting evidence to validate the change (such as examples of FAF charges that you have been asked to pay), to allow us to make an informed decision. The proposed list price change amount will also be considered against changes for comparable products as well as other data related to current cost of diesel and FAF charges.
- This is not a permanent change to our standard process and will be reviewed as fuel prices stabilise.

Pre-Agreed Conditions

To help accelerate the approval process, we ask that you accept the following conditions when requesting to process this price change on an accelerated timeframe:

1. The proposed List Price change is a market wide increase.
2. The increase is directly only related to an increase in FAF or equivalent fuel-related transport costs.
3. The Fuel-Related List Price change is temporary and will be automatically removed by FSNI at the earlier three (3) months following acceptance, or diesel price drops below \$2.86 per litre for 4 consecutive weeks as measured by a NZ Government data reference point (such measure to be selected by FSNI, acting reasonably and in good faith).
4. If fuel price pressure persists beyond the term of the Fuel-Related List Price change under clause 3 and the supplier considers that there is a need for further fuel-related increase, the supplier and FSNI will reassess in good faith. Any extension requires mutual agreement and satisfaction of the conditions.
5. List Price change to be loaded as an absolute dollar (\$) amount, reflective of the cost per unit equivalent of the fuel-related charge.
6. RRP's and promotional price points will be changed by the same dollar (\$) amount as the agreed change to product cost.
7. At the end of the time period (following the relevant trigger event – see clause 3 above), the agreed cost price and price point changes will be automatically removed by FSNI, and the supplier agrees to remove it from any invoices.
8. Supplier investment is maintained as per the CPT, with no change in PPR, Coop Terms rates or scan funding. If a supplier wishes to renegotiate any of these terms, this will be done in good faith, however the price change may not be able to be processed within the accelerated 6-week timeframe and be processed under our standard list price process.

Please provide below documentation

- Completed SPA form, including absolute dollar (\$) increase per unit
- Signed copy of this agreement
- Supporting evidence of fuel-related increase

Execution

The purpose of this document is a binding written agreement between supplier and FSNI. In completing the below, the supplier and FSNI agree to the above conditions:

Signature of supplier

Signature

Full legal name of supplier

Foodstuffs North Island Limited

Date

Date