



INFINITE POSSIBILITIES.  
ONE FAMILY.

April 6, 2022

Dear Valued Customer:

Unprecedented levels of disruption continue to impact the market, requiring sustained resilience and agility in supply chains. Skyrocketing commodity costs, ingredient shortages, demand surges, warehousing and distribution challenges, the global pandemic and now new worldwide uncertainty with the Russia-Ukraine conflict are all driving what's being called "the greatest supply chain disruption." And while Rich's global supply chain remains strong, we must continue to take action to combat today's market realities and dynamics.

**NEW: Price Increase & Additional Steps to Improve Service**

Therefore, beginning in June, we will be implementing the following changes.

- Price Increase**

While Rich's continually strives to provide great value for our products, these rising costs across virtually every facet of our supply chain mean we are unable to absorb the sharp cost increases we continue to face. Therefore, we will be implementing a price increase adjustment, **effective June 6, 2022.**
- Product Portfolio Simplification**

To mitigate supply chain disruption and create more capacity to provide enhanced service, we are simplifying our product portfolio by reducing the number of SKUs we produce. We've included a separate list outlining all products that have been discontinued as part of this change and replacement product codes, where applicable.

Amid these dynamic headwinds, we continue to actively manage our supply chain and operations to offset this volatile inflationary environment to the best of our ability.

**Looking Ahead**

As supply chains remain unsettled, we will continue to encounter unexpected market changes, such as the Russia/Ukraine conflict and the emergence of Avian flu in the U.S. We will continue to identify ways to mitigate additional price increases wherever possible, recognizing the challenges you face as your own costs escalate.

**ONGOING DRIVERS OF CHANGE**

We've provided additional context below around what industry-wide factors are driving these changes:



**COMMODITY COSTS** continue to escalate as increased demand exceeds scarce resources caused by a host of supply-chain snags. New to the mix is the Ukraine-Russia conflict, which is having a worldwide ripple effect on everything from fuel to fertilizer to wheat (market has not yet realized the impact of this conflict). Key commodities, such as vegetable oils (PKO, Palm, Soybean), flour, packaging and dairy are all seeing spikes in cost.



**WAREHOUSING** also impacts rising costs, due to a surge in demand for consumer goods that require refrigerated storage. Rising utilities, labor shortages and increased rent are all acting as cost drivers straining temperature-controlled warehousing.



**TRANSPORTATION & SHIPPING** continue to put cost pressure on businesses, due to a shortage of new trucks and truck drivers, skyrocketing fuel costs, as well as consumer and freight demand.



**LABOR SCARCITY** driving increased labor cost continues to be a major factor that extends beyond the food industry, hampering every aspect of the supply chain, including harvesting crops, production and transportation.



INFINITE POSSIBILITIES.  
ONE FAMILY.

Worth noting, Rich's does not contract with any Russia or Ukraine-based suppliers.

Please know, we remain committed to delivering the best value to you and will continue focusing on enhanced efficiency, productivity, quality and innovation. As always, we will continue to provide proactive communication on any future shifts or changes.

Your sales and/or broker representatives will share specific details with you and will be able to answer any questions you may have. Please note that these changes will be applied to all orders with a requested delivery date on or after **June 6, 2022**.

Thank you for your understanding and continued partnership as we navigate through these market-wide impacts together.

Sincerely,

Lauren Lopez  
Senior Vice President, Foodservice Division

#### **Related Industry News**

- [How War in Ukraine Drives Up Inflation at U.S. Farms, Supermarkets, Retailers](#), *The Wall Street Journal*, 03.06.22
- [What the War in Ukraine means for U.S. Agriculture](#), *Modern Farmer*, 03.05.22
- [Supply-Chain Challenges Cost Kraft, Kellogg in Cream Cheese, Cereal Sales](#), *The Wall Street Journal*, 02.16.22
- [A Normal Supply Chain? It's Unlikely in 2022](#), *The New York Times*, 02.01.22
- [Supply Chain Pressures Will Dominate 2022, but Equilibrium is Coming](#), Gartner, 01.27.22
- [What is Causing Inflation? Economists Point Finger at Different Culprits](#), *NBC*, 01.28.22