



LISTING PROCEDURE AND RETAIL SALE OF ALCOHOLIC BEVERAGES

2 October 2018

(Updated 12 October 2018, valid from on 12 November 2018)



CHANGES IN LISTING PROCEDURE 2 OCTOBER 2018

Trading conditions

Changes to listed products

Changes to price and to mode of delivery

- **Valid from on 12 November 2018:**

Changes to price and to mode of delivery -section has been updated concerning the price changes. **New paragraph** is added to the section: Alko reserves a right to change the announced price list periods in such a manner, that the beginning of a price list period can be matched to the timing of the tax increase or other pricing factor change, as long as the beginning of the price list period will not change more than 40 days.

Planning of selection

Purchase plan

- The timetable for publishing the Purchase plans of the limited editions in years 2018-2019 updated.

Seasonal selection products

- *Text is specified:* A seasonal product can transfer into a non-allocated main product of the general selection, if sales of a seasonal product:
 - exceed 1000 sales units during the season and come through a minimum of 20 shops**or**
 - exceed a turnover of 10,000 euros without tax during the season and come through a minimum of 20 shops.

Product can be transferred to the general selection when the season has ended based on sales monitoring. A seasonal product may also transfer to the sale-to-order selection after the season. The request of the product to be transferred to the sale-to-order selection should be issued during the next calendar month when the season has ended.

Specialties

- *Text is specified:* Text is specified: A specialty product can transfer to a non-allocated main product of the general selection after the specialty period if sales of a specialty product:
 - exceed 1000 sales units during specialty period and come through a minimum of 20 shops**or**
 - exceed a turnover of 10,000 euros without tax during specialty period and come through a minimum of 20 shops.

Product can be transferred to the general selection when the specialty period has ended based on sales monitoring. A specialty product may also transfer to the sale-to-order selection after the specialty period. The request of the product to be transferred to the sale-to-order selection should be issued during the next calendar month when the specialty period has ended.
- If different vintages of the same product are searched for specialties or other selection:
 - only one vintage defined by supplier can be transferred to the general selection. Other vintages can continue in a sale-to-order selection to the end of its lifecycle without vintage changes.
 - each vintage must have a unique, readable code (e.g. EAN-code).

Product searches and offering procedure

Selecting and listing the products

Evaluation of the products offered

- Sentence is specified: The reliability of the product's availability, the functioning of the material flow and space management related point of view of the package are also assessed in order to meet the customer service aspects.

Cancelling the listing

- Paragraph is specified: The listing is cancelled if the product is not available for deliveries to Alko shops within three months from the listing date. If a larger specialty product is delayed from the delivery starting date or the product availability is not enough for the initial channel filling, the charged cost is 1,250.00 euro (+ VAT) from the seller.

Sale-to-order selection

Offering products to the sale-to-order selection

Take into consideration when making the offers

- Multi-packages of the same product can be offered to Alko's sale-to-order selection, if:
 - single consumer package of the product with own product number is in the selection.
 - and single consumer packages (e.g. a bottle or a can) are smaller than package sizes below:
 - o Wines, less than 0,75 liters
 - o Spirits, less than 0,2 liters
 - o Brewery products, less than 0,7 liters.

Alko encourages the use of environmental friendly multi-packages instead of using plastic multi-package wrapper (so called shrink wrap).

Product transfer from the sale-to-order selection to another selection

(before: Product transfer from the sale-to-order selection to the general selection)

- *Paragraph is specified:* Transfer from the sale-to-order selection to the general selection is possible in two ways. A sale-to-order product can participate in a general selection product search and may be purchased to the general selection or a product can transfer to the general selection on the basis of sales monitoring. Sale-to-order selection product can also be offered to the specialties or seasonal product tenders.

Participation in product searches (before: Participation in general selection product searches)

- *Paragraph is specified:* If a sale-to-order-selection product is offered and listed to the other selection, Alko will close the product from shop orders and delist it from the sale-to-order selection before its listing date. The stock of Alko shops can be transferred to the new product number, if EAN-code remain the same. In addition, the product needs to fulfill the criteria defined in the search and quality of the product must be equal the offered sample for the transferring to be done.

On the basis of sales monitoring

- When multi-package is transferred to the general selection on the basis of sales monitoring, by default, it won't be allocated, but the sale of the multi-package will be counted to the sale of the single consumer package.
- Because some products have a particularly seasonal demand (e.g. mulled wine) those products cannot be transferred from sale-to-order selection to the general selection. Also, packages that due to their shape or size are not suitable for Alko's normal space management or logistics, cannot be transferred to the general selection.

Delisting of products

- *Paragraph is specified:* A product can be delisted also for other reasons indicated in Alko's terms of purchase and delivery. More detailed list for the reasons in the annex 2.

Information on sales

- Seller, producer or agent can have information about the sales of all monopoly products. Sale statistics are confidential and intended only for developing company's own business. The seller can forward the information only to the product producer or brand owner. Sales statistics cannot be forwarded inside a corporation to corporation's sister companies which are not Alko's contractual partners. Reports are available on Alko's Extranet for current suppliers who have made a contract with Alko, or for potential suppliers on request by email.
- *Paragraph is specified:* All of the reports and contact information provided for suppliers by Alko are listed at alko.fi/forsuppliers.

Trading conditions

Changes to listed products

Changes to price and to mode of delivery

- Price list periods updated.

Changes in products

- *Technical solution for the product changes is changing and with the new solution, changes will be handled electronically. New solution will come into effect, when technical solution for the new product change practice is built. Implementation of the new product change practice will be informed later. In the Listing Instructions, the current product change process is described under 'Product changes'. The new product change process is described under the title "Maintaining product information and product changes" (before: Changes in products).*

Annex 2 – Alko's terms of purchase and delivery

Product specifications

- *Paragraph is specified:* The product must match the offer and sample approved by Alko and it must be free from quality defects. Supplier is responsible for the correct product information maintained in the product information card. Any alterations to beverage containers, their content, closure or the appearance of labels must be agreed upon in advance with Alko.

Annex 2A – Alko's import service

- The supplier must have the necessary license and capability for excise goods shipment in the EU, for electronic export covering letter (eAD) in the EMCS system.

Annex 5 - GTIN codes, Valvira codes and the codes of transport packages

GTIN codes

- *Sentence is specified:* The bar code requirement is not categoric in all cases of products in the smaller specialties, but then a Valvira's code must be sought for the product.

Annex 8 – Changes to listed products

Product changes that require a change notification (before: A product change that requires a product change request)

- *Technical solution for the product changes is changing and with the new solution, changes will be handled electronically. New solution will come into effect, when technical solution for the new product change practice is built. Implementation of the new product change practice will be informed later. In the Listing Instructions, current product change process is described under the title 'Annex 8 - Product changes'. The new product change process is described under the title "Maintaining product information and product changes" (before: Changes in products).*

Annex 9 – Dolly pallets

Seasonal dolly pallets for the main products in the general selection

- *Distribution time of dolly pallets is specified:*
- **Sparkling wine** (bottle size 0.75 liters) can be seasonally in supplier-packed dolly pallets without a sales limit
 - 1) for summer season, weeks 14 – 30and
 - 2) for Christmas season, weeks 45 - 52
- **Red wine** (bottle size 0.75 liters) can be seasonally in supplier-packed dolly pallets without a sales limit
 - 1) for the last two weeks before Easter and
 - 2) for Christmas season, weeks 45 - 51
- **White wine** (bottle size 0.75 liters) can be seasonally in supplier-packed dolly pallets without a sales limit
 - 1) for Christmas season, weeks 45 - 51

Annex 14 – Contact information

- Contact information updated.

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RETAIL SALE OF ALCOHOLIC BEVERAGES IN FINLAND

Special position

The Finnish alcohol legislation requires regulation of alcohol consumption to minimize its undesirable social, sociological and health-related effects. Alko Inc. is an independent government-owned company under the Ministry of Social Affairs and Health, and has by law the monopoly on the retail sale of alcoholic beverages with certain exceptions. The most significant exception is retail sale of beverages containing maximum 5,5 per cent of alcohol by volume. This Listing procedure and retail sale of alcoholic beverages material concerns the monopoly products.

Listing procedure

Alko is a specialist trading chain which operates responsibly, fairly and efficiently. Its network of shops covers whole Finland and offers a wide range of high-quality products. Alko has no own production or bottling.

Alko buys products from domestic and foreign suppliers of alcoholic beverages. Decisions on listing, delisting and pricing of products are made on impartial and non-discriminating grounds regardless of the nationality or domicile of the manufacturer or seller. When making the listing decision, Alko will evaluate the product especially from the customer, quality, demand, current selection and responsibility point of view. Also, the requirements of the law and regulations (eg. packaging and marketing) are taken into consideration.

Responsible purchasing

In the field of responsible purchasing Alko works in collaboration with the other Nordic alcohol monopolies. The programme of responsible purchasing is based on the UN's compacts and initiatives as well as other relevant internationally recognized conventions and directives. With the focus on the procurement of alcoholic beverages, the aim is to create operative and follow-up principles through which it is possible to influence ethical practices of the suppliers of alcoholic beverages and draw attention to the principles of sustainable development.

Alko is a member of an international Corporate Social Responsibility (CSR) organization called amfori. It is a non-profit organization, the aim of which is responsible trading worldwide. This requires strong commitment from the members and the companies that either belong to or participate in BSCI committed companies' procurements supply chain.

All Alko's suppliers are to confirm their commitment to the ethical principles with their signatures and comply the principles accordingly. To ensure sufficient understanding of the effects of responsible purchasing in practice, Alko requires the seller to complete the e-learning material of ethical principles provided online by Alko. If the seller has an authorized representative (an agent), the agent is also required to complete the e-learning. Detailed instructions for the e-learning course on ethical principles as well as information on completing it can be found on page alko.fi/forsuppliers.

amofori BSCI Code of Conduct and its enclosures constitute a compact document which must be read and interpreted in its entity. The complete set consists of the following documents:

- amofori BSCI Code of Conduct
- Terms of Implementation for Participants (Alko)
- Terms of Implementation for Business Partners (Seller)
- Terms of Implementation for Business Partners to be involved in the
- amofori BSCI monitoring process (Producer, Manufacturer)
- amofori BSCI Glossary
- amofori BSCI Reference

The English version of the document is the legally binding one.

For details, see also:

[amofori BSCI Code of Conduct, Annex 1, separate attachments](#)

SALES CHANNELS AND SELECTION CATEGORIES

Alko has two sales channels in Finland: Alko shops and Alko Online shop. The selections at Alko shops are determined by customer demand and local needs. Generally, all of Alko's products will be on sale in the Alko Online shop. Information on the products is also given on page alko.fi/en/products.

General selection

The general selection is Alko's main product selection and consists of a wide range of alcoholic beverages from around the world. The general selection products form the base of the shop selection.

Seasonal selection

The products in the seasonal selection are purchased for a specific season or event and the selection is based on the particular demand of the season.

Specialties

The specialties are enriching Alko's product selection and are top class products especially for the enthusiasts who are interested of drinks and combining food and drinks. Most of the products are listed at the same time once in a month.

Sale-to-order selection

The products in the sale-to-order selection come from a variety of domestic importers and producers. The sale-to-order selection does not include products of general selection, seasonal selection or specialties. These products are mostly available in the Alko Online shop and are optional for the shops.

Special order products

Customers may also order products that are not included in Alko's selection by signing a special-order contract. The suppliers shall deliver the products according to the delivery terms indicated on the offer and Alko's order either via Alko's central warehouse or directly to an Alko shop. The minimum order depends on the supplier but is generally one case.

ASSORTMENT MANAGEMENT

Products in the general selection, seasonal selection and in the specialties can be allocated to shops centrally by product groups using selection profiles. The products in the sale-to-order selection are optional for the shops.

Category tree

The product assortment is allocated based on the Alko's category tree. In the category tree, the product categories are first divided into sub-categories and then into segments. Products in different segments are allocated to shops on the basis of their demand.

Each segment has an allotment of central allocation to each selection profile. The allotment is based on the analyzed customer demand in sub-categories and segments. Segment allocation places are always fixed two price list periods beforehand, and they will be announced to suppliers in connection with the relevant cyclic monitoring.

The category tree is based on customer requirements and behavior as well as consumer demand analyzed by Alko. If changes occur in them, the structure of the category tree or the contents of the sub-categories or segments may change. Suppliers will be informed about the changes in good time, at minimum two price list periods before they become valid. Category tree can be found at page alko.fi/forsuppliers.

Selection profiles and shop categories

Products in the general selection are allocated to shops by product groups using selection profiles. Selection profiles are a combination of the demand profile (Normal, Basic, Plus) and the shop size (6 size classes: XS – XXL), for example "normal-S". In addition, there are shops of type Joker. These shops have exceptional conditions, such as small shop surface or a demand that varies greatly depending on the season. As a result, there is no central allocation to the shop of type Joker.

Compared to shops with the sales profile Normal, the Plus type of shops have an emphasis on especially wine, beer and higher-priced products. In the Basic type shops, the sales on the other hand focuses more on strong beverages and on certain part of brewery products.

Alko has three shop categories (store concept) which are used in customer communication: premium store, specialist store and local store. From assortment management point of view these shop categories are separated by wideness of assortment. The premium stores have the widest assortment and those are mainly in the shop size XXL. The specialist stores have selection profile of XL or L. The local stores' shop sizes are XS-L. The specialty products are allocated to the premium and specialist stores.

Of all products in a shop, the maximum share of centrally allocated products is 90 % whereas the average share is 70 %. The premium and specialist stores have less centrally allocated products than average and the local stores have more centrally allocated products than average. In addition to the centrally allocated products, the shops complete their store selection with additional products chosen according to the local demand.

The selection profile or shop category of an individual shop may change due to a change in shop facilities, shop location, demand profile or the number of products within a shop. This also affects the assortment allocation.

Assortment allocation

The best-selling products in the general selection are allocated directly to all of the shops that are within the scope of central allocation. The monitoring of the biggest products is done annually, or more frequently if the demand structure changes exceptionally, however, no more than three times a year. The central allocation of the other main products in the general selection is based on the cyclic monitoring and done by price list periods. The cyclic monitoring of the sales of products in each segment covers approximately the last six months. Using a weighted distribution level calculation, the products in a segment are placed in the order of their size based on their turnover without tax.

In the cyclic monitoring the product is always monitored in the segment where it has been at the beginning of the price list period. The weekly reporting of the monitoring period starts always from the beginning of the price list period.

The best-selling products in segments have central allocation to a bigger number of shops than those with a lower ranking. Part of the products or segments may have no allocation at all. Based on the cyclic monitoring done by price list periods, products with very little amount of sales may be released from the allocation of a shop in which the sales have been limited. On the other hand, all non-allocated products are optional products from a shop's point of view, and a shop can supplement its mandatory, allocated assortment, with such products according to the local demand.

The cyclic monitoring is always done at the end of a price list period, and the results will be published to suppliers immediately. However, the results of the cyclic monitoring will not come into effect until the following price list period.

New products will have the distribution level indicated in the search and corresponding to the selection profiles defined at the purchase stage. Allocation and coverage level of new products depend on the selection profile and estimated customer demand.

See also:

Selection profiles and monitoring periods in assortment management as well as the formula for calculating the turnover according to weighted distribution level, [Annex 3](#)

Display of products at Alko shops

The meeting order of the product groups, locations of the product displays and the product placement in the shop are based on the Alko's shelf management guidance. Each product has a defined display group that determines where the product will be placed in the shop. Display group is always organized as a consistent entirety. In addition, there are special displays in Alko shops where the products can vary. The shops select the products placed on special display according the season, themes and customer demand in accordance with impartiality and non-discrimination.

The shelf space at Alko shops is allocated to different products according to a shelf management tool. The shelf space is allocated between different layout categories and the products spacing takes into account the sales of the products within a shop. Consequently, the space planning is made independently based on shop-specific selection and sales information.

The main rule is that each product included in the shop selection has its own shelf space in the shop. There may be exceptions to this rule, like brewery products and such seasonal or volume products that are placed on special displays, e.g. dolly pallets.

PLANNING OF SELECTION

The planned selection consist of general selection's main and service products, specialty products and seasonal selection's products. The planning of selection is based on the customer-oriented category tree, according to which the demand and the existing selection is assessed in relation to the needs of different customer segments.

Purchase plan

Listing is based on systematic planning, which also provides a base for a Purchase plan published twice a year for the general selection and three times per year for the specialties. The Purchase plan is made available at alko.fi/forsuppliers.

The Purchase plan of the general selection published in May includes tenders for products to be listed in the first half of the coming year, and the Purchase plan of November, on the other hand, includes tenders for the products to be listed in the second half of the year.

The timetable for publishing the Purchase plans of the specialties in years 2018-2019:

Tenders	Listing of products
November 2018	May – August 2019
March 2019	September – December 2019
June – July 2019	January – April 2020

Possible additional tenders as well as seasonal selection's product tenders are also published separately on the [website](#).

Main products of the general selection

General selection products are within the scope of central allocation monitoring. Their sales are monitored by price list periods. Based on the cyclic monitorings, part of the products will be allocated to shops and part will remain as non-allocated products.

Allocated products

Part of the general selection products will be centrally allocated to shops on the basis of the cyclic monitoring.

Non-allocated products

Part of the general selection products will be left without central allocation on the basis on the cyclic monitoring. The non-allocated products are optional products for the shops to complete their selections.

Novelties will be included in the cyclic monitoring after the first full monitoring period after the listing of the product has elapsed. When the results of the first cyclic monitoring period are known, allocation based on these results will become valid according to the normal schedule, for the price list period thereafter. In practice, the new products will have a distribution level given in the search for about 10 – 14 months depending on the listing date (guarantee coverage time) before the result of the cyclic monitoring will come valid.

The main product of the general selection can be transferred to sale-to-order selection after the guarantee coverage time has ended.

Service products of the general selection

The role of service products is to ensure a diverse and representative general selection. Products that have now a low demand but are considered to be an important part of the selection as a whole can be sought for as service products. As other new general selection products, service products will have the minimum coverage for 10-14 months as communicated in tender and specified when purchased. After that the product will have coverage according the cyclic monitoring.

Seasonal selection products

The products in the seasonal selection are purchased for a specific season or event and the selection is based on the particular demand of the season. A preliminary plan of all the seasonal product tenders is included in the Purchase plan. The tenders are later published in detail separately on Alko's webpage: alko.fi/forsuppliers. When listing a seasonal product, an agreement is also made concerning its delisting. Seasonal products can be allocated and then they will have minimum coverage as communicated in tender and specified when purchased.

A seasonal product can transfer into a non-allocated main product of the general selection, if sales of a seasonal product:

- exceed 1000 sales units during the season and come through a minimum of 20 shops
- or**
- exceed a turnover of 10,000 euros without tax during the season and come through a minimum of 20 shops.

Product can be transferred to the general selection when the season has ended based on sales monitoring. A seasonal product may also transfer to the sale-to-order selection after the season. The request of the product to be transferred to the sale-to-order selection should be issued during the next calendar month when the season has ended.

If a seasonal product has inventory in the Alko's warehouse when the season ends Alko can sell the remaining inventory via sale-to-order selection.

Specialties

The monthly listed specialty products consist of larger and smaller specialties. The larger specialties have a wider demand and availability. The smaller specialties are top class products especially for the enthusiasts. The tenders for the specialties are published on Alko's webpage at alko.fi/forsuppliers three times per year or with separate tenders.

The larger specialties are in the selection and ordered by Alko shops for four months period from the date of listing (specialty period). The products are centrally allocated to the premium and specialist stores. For other Alko shops the products are optional. The smaller specialties are purchased in small batches and are sold in Alko flag ship store and Alko Online shop. For premium stores the smaller specialties products are optional.

A specialty product can transfer to a non-allocated main product of the general selection after the specialty period, if sales of a specialty product:

- exceed 1000 sales units during specialty period and come through a minimum of 20 shops

or

- exceed a turnover of 10,000 euros without tax during specialty period and come through a minimum of 20 shops.

Product can be transferred to the general selection when the specialty period has ended based on sales monitoring. A specialty product may also transfer to the sale-to-order selection after the specialty period. The request of the product to be transferred to the sale-to-order selection should be issued during the next calendar month when the specialty period has ended.

If a specialty product has inventory in the Alko's warehouse when the period ends Alko can sell the remaining inventory via sale-to-order selection.

If different vintages of the same product are searched for specialties or other selection:

- only one vintage defined by supplier can be transferred to the general selection. Other vintages can continue in a sale-to-order selection to the end of its lifecycle without vintage changes.
- each vintage must have a unique, readable code (e.g. EAN-code).

PRODUCT SEARCHES AND OFFERING PROCEDURE

Finnish-based importers or manufacturers of alcoholic beverages who have the valid permits required for the activities are entitled to submit offers to Alko's tenders, as are producers abroad or their authorized representatives as well as other suppliers abroad or the representatives authorized by them.

The offer processing starts from the ending date of the tender and finishes to the product's purchase decision. To be approved for offer-processing, the offer form must be correctly completed by the seller or his authorized representative, and the terms of the tender must be followed. Changes cannot be made in offers that are under processing. If the information given in the

offer is incorrect or the product cannot be delivered, the offeror is to ask for an annulment of the offer.

If a sale-to-order-selection product, seasonal selection product or specialty product is offered and listed to the general selection, Alko will close the product from shop orders and delist it from the previous selection category before its listing date into the general selection. The stock of Alko shops can be transferred to the new product number when necessary.

The same product cannot be taken into the selections from more than one seller at a time.

Participation in product searches

Submitting offers

The suppliers must make the offers using the search numbers and timetables stated in the Purchase plan.

The offers must be submitted in Alko's Partner Network or by using the newest offer forms available at alko.fi/forsuppliers. More information about having an account in Partner Network can be asked from Alko's Products and purchasing department. The contact information is available at alko.fi/forsuppliers.

The offer can be delivered also via email (offer@alko.fi) or by mail when using the newest offer form available. The offer forms are also available at alko.fi/forsuppliers.

By delivering a product image to Alko with the offer the seller approves that for the purchased product Alko can use, edit or possibly assign the image for example to the media. Seller also gives Alko the right to use the product information for the purchased product in Alko's communication.

A specialty product's offer forms have analysis values that need to be measured according to the Annex 6 methods and the analysis certificate needs to be attached to the offer form. The analysis certificate submitted for specialty products must concern the vintage offered or the certificate must be no more than 3 years old. If the analysis certificate is not available, the analysis of the product is made in Alko with offeror's expense. The costs are charged according to the list of supplier charges published at alko.fi/forsuppliers.

When submitting an offer, the seller confirms a commitment to follow the amfori BSCI Code of Conduct and Terms of Implementation for Business Partners*. Accordingly, the seller also confirms that the corporations and companies belonging to the same supply chain will abide to the obligations set by the Code of Conduct. Alko requires that both the seller and the possible agent have completed the e-learning material of ethical principles organized by Alko.

Only product-specific certifications are accepted in tenders for ethically certified products.

In specialties and seasonal products Alko can choose not to buy a product if the announced availability is smaller than estimated demand in the tender.

*For details see also:

[amfori BSCI Code of Conduct, Annex 1, separate attachments](#)

Giving price information on the offer

A product must be provided with both Alko's retail price and the corresponding Alko's purchase price. If the prices are in conflict with each other, the retail price is used for calculating the purchase price.

The prices cannot be changed in the middle of the offer process. However, if during timespan from the offer submission until the listing of the product changes occur in taxes, Alko's pricing factors or recycling or other environmental charges subject to the producer responsibility in Finland, the offeror may change the prices by the total of the changed factors at maximum. The change must be made latest two months before the product's listing date.

The offer must also give information about whether the product belongs to a deposit-paying recycling system (domestic deliveries). The deposit must not be included in the purchase price of the product.

The offeror should bear in mind that it is forbidden to offer two or more alcohol containers to a reduced total price. Therefore Alko will round up the retail price of a multi-pack to the nearest value where the price of a single bottle or can in a multipack is the same or higher than that of a bottle or a can sold as a single product.

The retail price can be calculated with a price calculator available in Partner Network and at alko.fi/forsuppliers

Offer forms

Offer forms are available for three different ways of delivery:

1. Deliveries from Finland to Alko's shops (delivery terms TOP Alko's shops, Finnterms 2001)

Offering products to Alko's shops requires the supplier (direct distribution) to have the valid licences for the operations. The deliveries can take place either from a tax-free or taxable warehouse (limitations, see Terms of direct distribution to Alko shops, [Annex 2C](#)).

2. Deliveries from Finland to Alko's central warehouse (delivery terms TOP Alko's central warehouse, Finnterms 2001)

Offering products to Alko's tax-free central warehouse requires the supplier to have a duty-free warehouse in Finland and the valid permits required for the activities.

3. Alko's import service (delivery terms FCA, FOB or DAP, Incoterms 2010)

If the supplier wants to use Alko's import service, the products must be offered on an offer form specially intended for the service. Alko's import service is a logistical service.

See also:

Alko's terms of purchase and delivery, Annexes [2](#), [2A](#), [2B](#), [2C](#)

Filling in an offer form and authorizations, [Annex 4](#)

EAN codes, Valvira codes and the codes of transport packages, [Annex 5](#)

Authorization and industrial rights

To be approved for offer-processing, an authorization of the producer or the owner of the trademark must accompany the offer. If there are unclarities in the product's industrial rights (e.g. trademark rights), Alko may exclude the product from the offer processing. Authorization is not required, if the offered product is the company's own trademark or if it is offered for a smaller specialties tender. If more than one company offers the same specialty product, Alko buys the product of the lowest price considering the product's estimated demand and availability.

See also:

Filling in an offer form and authorizations, [Annex 4](#)

Authorization template, Alko's website alko.fi/forsuppliers

Validity of offers

Offers must be valid for at least 12 months from the deadline of the search, if no other offer validity date is mentioned in the tender request of the product.

Providing samples

Samples are allowed to be provided only by Alko's request. If the timetable for delivering the samples is not stated in the tender, the deadline is given in the sample request, in which also the number of samples to be delivered is stated. After receiving the sample request, the samples are to be sent to the address given in the request with the offer-specific bar code marked on them and with costs and taxes paid. The bar code is enclosed in the sample request.

The samples must correspond to the final product and sales package. A preliminary design of packaging and appearance, a so called mock-up, is accepted if the final packaging is not yet available. A mock-up needs to be clearly marked as a sample for assessing only the external appearance. It also needs to contain all the required package markings that are in line with search criteria. A possible sample of preliminary design of packaging and appearance is sent as an extra sample on top of the other samples requested. Separately delivered photo is not an acceptable packaging mock-up.

See also:

Instructions for sending samples and certificates, [Annex 6](#)

Selecting and listing the products

Evaluation of the products offered

Products are chosen in an impartial manner based on the samples requested and using either blind and/or open evaluation. The goal is to find the best product from the offered products that meets best the customer needs and

demand in relation to the existing selection. In addition to the product's quality, the evaluation pays attention to other aspects providing additional value to the consumers. When evaluating the price, the retail price stated in the offer is being used. Also, in responsibility point of view, the factors relevant to the customer are taken into account when evaluating the products. These factors are for example belonging to the recycling system, organic, green choice-symbols. Also, other responsibility factors relevant to the consumer can be considered as an advantage in the evaluation. The reliability of the product's availability, the functioning of the material flow and space management related point of view of the package are also assessed in order to meet the customer service aspects.

Offerors will get the information of the evaluation's result as soon as possible after the evaluation. The chosen product will proceed in the process and following two products will be kept as secondary products. All other products offered for the tender are rejected. After the evaluation, the product chosen will be delivered to the Alcohol Control Laboratory (ACL) for analysis. If the chosen product is invalid to be listed into the selection the next secondary product will be chosen. When the chosen product is purchased, the secondary products are rejected.

When the number of offers is great, the amount of products to be evaluated can be limited utilizing the criteria announced in the tender.

Listing

A product can be purchased if it satisfies all statutory pre-requisites and limiting values related to the tender, and no other defect is detected in the quality of the product. The offeror must provide the requested documents, complete the product information requested and react to the messages sent by Alko within the timeframes given in Alko's messages.

The purchase of the product takes place 2 – 3 months after the ending of the search period. The purchase of the specialty product takes place 1 – 2 months after the end of the search period. After the purchase and before the product has been included in the selection, Alko will send the offeror a product information questionnaire. Product data based on the information received can be used presenting new products.

The listing of the product generally takes place after 2 – 3 months from the purchase of the product. On the whole, the process from the ending of the search period to the listing of the product chosen takes approximately 4 – 7 months. This timeline can be longer for example for seasonal products.

The products can be listed weekly. The specialties are generally listed once per month.

Cancelling the listing

If the seller is unable, in spite of the offer, to deliver the product offered within the given timeline, Alko will cancel the listing and charge the seller for the costs caused by the listing. The costs are charged according to the list of supplier charges published at alko.fi/forsuppliers.

The listing is cancelled if the product is not available for deliveries to Alko shops within three months from the listing date. If a larger specialty product is

delayed from the delivery starting date or the product availability is not enough for the initial channel filling, the charged cost is 1,250.00 euro (+ VAT) from the seller.

SALE-TO-ORDER SELECTION

Offering products to the sale-to-order selection

The sale-to-order products do not have a search procedure. These products can be offered to the sale-to-order selection all the time.

The sale-to-order selection products will be offered either to category T1 or to category T3:

- normal sale-to-order selection products (T1)
- locally available sale-to-order selection products (T3)

Category T3 is for microbreweries and other small producers, who can offer their products to this category for local distribution.

Self-service listing to the sale-to-order selection

The seller offers the products to the sale-to-order selection independently and without charge in Partner Network. More information about having an account in Partner Network can be asked from Alko's Products and purchasing department. In addition to the product's basic information for example taste description, taste styles, food symbols and analysis must be indicated by the supplier with the offer. Also an image following Alko's specifications is to be sent together with the offer, otherwise Alko will request a sample and charges the supplier for the costs of photographing*. The fee is 40.00 euro (+ VAT). In addition to the product image, an image of the legally mandatory product package information shall be provided together with the offer, so that markings can be verified. Alko reserves a right to modify the given information.

Once the offer has arrived, the listing of the product will take about two weeks. This schedule is possible if the offer contains all the required information, a possible registration to the recycling system is valid and an image following Alko's specifications is attached to the offer.

Listing Service to the sale-to-order selection

When listing a product to the sale-to-order selection the seller can use Alko's Listing Service. In this case the offers must be submitted in Alko's Partner Network or by using the newest offer forms available at alko.fi/forsuppliers. Alko sends the seller a request for samples of the new product offered. The samples must be delivered within two weeks of the request and they must correspond to the final product. The deposit status of the products will be checked on the samples received.

For the Listing Service Alko charges a handling fee of 100.00 euro (+ VAT). An image following Alko's specifications is to be sent together with the offer, otherwise Alko will request a sample and charges the supplier also for the costs of photographing*. The fee is 40.00 euro (+ VAT).

Once the sample has arrived, the listing of the product will take about six weeks. During high seasons, the listing process may stretch out longer due to the great amount of offers. Listing process may also be delayed if the product image is not attached to the offer.

*See also:

Format for Alko product images, changes to listed products, [Annex 8](#)

Take into consideration when making the offers

An authorization of the producer or the owner of the trademark must accompany each offer of a new product. Authorization is not required, if the product is the offeror's own brand or manufacture.

Multi-packages of the same product can be offered to Alko's sale-to-order selection, if:

- single consumer package of the product with own product number is in the selection.
- and single consumer packages (e.g. a bottle or a can) are smaller than package sizes below:
 - o Wines, less than 0,75 liters
 - o Spirits, less than 0,2 liters
 - o Brewery products, less than 0,7 liters.

Alko encourages the use of environmental friendly multi-packages instead of using plastic multi-package wrapper (so called shrink wrap).

A sale-to-order selection product's offer forms have analysis values that need to be measured according to the Annex 6 methods and the analysis certificate needs to be attached to the offer form. The analysis certificate submitted must concern the offered vintage or the certificate must be no more than 3 years old.

By delivering a product image to Alko the seller approves that Alko can use, edit or possibly assign the image for example to the media.

Seller gives Alko the right to use the product information for the purchased product in Alko's communication.

The product can be transferred from the general selection, seasonal selection or specialties to the sale-to-order selection. The price of the product is allowed to change not until in the next price list period.

When submitting an offer, the seller confirms a commitment to follow the amfori BSCI Code of Conduct and Terms of Implementation for Business Partners*. Accordingly, the seller also confirms that the corporations and companies belonging to the same supply chain will abide to the obligations set by the Code of Conduct. Alko requires that both the seller and the possible agent have completed the e-learning material of ethical principles organized by Alko.

*For details, see also [amofori BSCI Code of Conduct, Annex 1, separate attachments](#)

See also:

Filling in an offer form and authorizations, [Annex 4](#)

Authorization template at page [alko.fi/forsuppliers](#)

Format for Alko product images, Requesting changes to listed products, [Annex8](#)

Modes of delivery

The seller can offer the products with the delivery terms of either TOP Alko shops (Finnterms 2001) or with TOP Alko's central warehouse (Finnterms 2001). Deliveries require the use of Alko's network EDI application (supplier-web). Sellers who deliver the products directly to Alko shops can also use Alko's EDI message flow. Suppliers of T3 category products may for special reasons apply for exceptional delivery terms.

As Alko does not import sale-to-order products, the offeror must take care of the imports and have valid licences for the operations. Being the importer, the offeror also takes care of the customs clearance for products coming from abroad and of other duties related to imports.

The seller will ensure that the product can be delivered according to his offer either to Alko's central warehouse within three working days or to Alko shops within five working days from the receipt of order.

Locally available sale-to-order selection products (category T3)

If the manufacturer of a product is a microbrewery (annual production maximum 15 million litres) or a small producer (annual production maximum 100,000 litres), the producer may list the product into the sale-to-order selection as a locally available product (T3). Hereby the producer can choose the shops (1-10 shops) to which the product can be delivered. In addition to the aforementioned, the producer may choose Alko Online shop for deliveries as well. The products to be sold through Alko Online shop are delivered to the eShop's warehouse. If the production limit is exceeded, the producer is liable to inform Alko accordingly.

The supplier may change the chosen delivery shops three times a year according to price list periods. However, if the amount of chosen delivery shops is less than 10, the supplier may choose more shops for the delivery at any point of the year until the maximum amount of 10+1 delivery shops is reached.

Listing of products to the sale-to-order selection

New products can be listed to the sale-to-order selection weekly.

Reasons related to customer service require that the product offered is available at the seller's warehouse on the listing date and it is recommended that the product is also available at least for one month from the date of listing.

If a product offered to the sale-to-order selection has a limited availability, the seller needs to announce the availability in sales units in the offer.

Product transfer from the sale-to-order selection to another selection

Transfer from the sale-to-order selection to the general selection is possible in two ways. A sale-to-order product can participate in a general selection product search and may be purchased to the general selection or a product can transfer to the general selection on the basis of sales monitoring. Sale-to-order selection product can also be offered to the specialties or seasonal product tenders.

Participation in product searches

If a sale-to-order-selection product is offered and listed to the other selection, Alko will close the product from shop orders and delist it from the sale-to-order selection before its listing date. The stock of Alko shops can be transferred to the new product number, if EAN-code remain the same. In addition, the product needs to fulfill the criteria defined in the search and quality of the product must be equal the offered sample for the transferring to be done.

On the basis of sales monitoring

The sales of the sale-to-order selection T1 category products will have a running monitoring on a monthly basis. If

- the sales of a product exceed 1000 sales units during a rolling 12-month period and come through a minimum of 20 shops,

or

- the turnover of the product during a rolling 12-month period exceeds 10 000 euros (without tax) and comes through a minimum of 20 shops, the product may transfer to the general selection, if the supplier wishes so. Alko will inform suppliers when the condition is fulfilled.

When monitoring sales and the criteria of a 20 shop minimum, the Alko Online shop's sales are always considered to the shop's sales which has been used as a pick up point.

If the seller wishes to transfer a product from T1 category to the general selection, a change request must be made and three samples must be sent minimum two months before the desired validity date of the requested change. Possible peak times may lengthen the transferring process from one selection to another.

When transferring the product to the general selection, it will be characterized, analyzed and included in the quality control program. There will be a charge of 350.00 euro (+ VAT) for the transfer.

When transferred to the general selection the product will be first a so-called non-allocated product. Product will receive ranking position in sales monitoring from the beginning of the next price list period.

When multi-package is transferred to the general selection on the basis of sales monitoring, by default, it won't be allocated, but the sale of the multi-package will be counted to the sale of the single consumer package.

Because some products have a particularly seasonal demand (e.g. mulled wine) those products cannot be transferred from sale-to-order selection to the

general selection. Also, packages that due to their shape or size are not suitable for Alko's normal space management or logistics, cannot be transferred to the general selection.

Sale-to-order selection products in Alko shop's selection

Shops can supplement optional products in their selections with an unrestricted amount of sale-to-order selection products of their choice as long as the shop's entire selection quantity stays below the maximum limit, which has been given to it because of capacity reasons. The sale-to-order selection products included in the shop selection are either local specialties or products that complement the general selection. Sale-to-order selection products cannot be in the special display of the shop.

DELISTING OF PRODUCTS

Seller is responsible for ensuring a continuous delivery of a product as stated in the tender and offer. The seller is also obliged to notify Alko in writing if the product can no longer be delivered – e.g. the supplier runs out of product. The product will then be delisted from the selection.

A product can be delisted also for other reasons indicated in Alko's terms of purchase and delivery. More detailed list of the reasons in the [Annex 2](#).

If a product of the general selection is closed for orders for over three months, the product will be delisted.

INFORMATION ON SALES

General sales figures are displayed on Alko's website at alko.fi/newsroom. The statistics contain nationwide and regional information on sales in different product groups. The statistics are updated once a month or annually.

Seller, producer or agent can have information about the sales of all monopoly products. Sale statistics are confidential and intended only for developing company's own business. The seller can forward the information only to the product producer or brand owner. Sales statistics cannot be forwarded inside a corporation to corporation's sister companies which are not Alko's contractual partners. Reports are available on Alko's Extranet for current suppliers who have made a contract with Alko, or for potential suppliers on request by email.

The seller and/or agent will have access to the more detailed sales figures of their own products by making a written contract with Alko. The reports for these products are available on Alko's extranet and contain e.g. weekly and monthly sales figures, distribution level and stock information as well as segment-specific ranking information. In addition, there is a list of all beverages by suppliers.

All of the reports and contact information provided for suppliers by Alko are listed at alko.fi/forsuppliers.

TRADING CONDITIONS

Alko's purchase and delivery terms in Annexes 2A and 2B must be followed in trading.

If the seller offers distribution to Alko's retail shops, the terms of direct distribution stated in Annex 2C are also applied.

When a product is offered for the general selection, seasonal selection and specialties, direct distribution is possible only if the supplier meets Alko's volume and other requirements stated in Annex 2C and has, in an acceptable manner, tested with Alko the electronic message flow covering the whole order-to-delivery process. The message flow is based on an international EDI standard and Alko's application instructions for each separate message: order, electronic dispatch list, invoice and amendments to delivery and invoice. The system comes to operation according to a timetable approved by Alko.

The deliveries of sale-to-order products require the use of an Internet-based EDI application (supplier-web). Sellers delivering the products directly to Alko's shops can also use Alko's EDI message flow. The system comes to operation according to a timetable approved by Alko.

See also:

Alko's terms of purchase and delivery, Annexes [2](#), [2A](#), [2B](#), [2C](#)

Conditions for responsible purchasing

When offering and delivering products to Alko, the seller is obliged to confirm the commitment to follow the amfori BSCI Code of Conduct*.

The central elements of the amfori BSCI operations model are the amfori BSCI Code of Conduct, Due Diligence (which is more binding than before) and the requirement of strategic planning and practical measures for promoting social responsibility. The model of amfori BSCI responsible purchasing leans on the principle of continuing improvement, open cooperation and empowerment of parties operating in different supply chains.

By signing an offer or submitting an offer in the Partner Network, the seller guarantees that the seller and all the corporate bodies in the same supply chain will comply with the requirements set down in the Code of Conduct. Supply chain means all parties related to the production, transport and sales of the product and its packaging.

Alko offers an online e-learning material of ethical principles for the suppliers. With the e-learning material Alko ensures suppliers' sufficient understanding of the effects of responsible purchasing in practice. Alko requires that all the sellers complete the e-learning material. If the seller has an authorized representative (an agent), the agent is also required to complete the e-learning. More detailed instructions for the e-learning course on ethical principles and completing it can be found on page alko.fi/en/for_suppliers.

To make sure that the Code of Conduct is being followed in its supply chain, Alko may carry out or authorize a third party to carry out audits that are in line with the BSCI operations model. In addition, Alko may require the parties of its supply chain to fill in a self-assessment form concerning the ethicality of their operations and to send the results to Alko for evaluation. Alko handles audit

related documents confidentially, but reserves the right to distribute them to the relevant parties against a confidentiality agreement (for example, the parties involved in the supply chain).

Alko can cancel the purchasing and listing of a product and make the withdrawal without any kind of compensation responsibility as a result if a party in the supply chain of a product in Alko's selection refuses an audit made by Alko or a third party, does not provably follow the BSCI ethical values and principles, or does not complete corrective actions pointed to the party in agreed time. A product in this case means any product in Alko's selection in the supply chain of which the party is involved with. If the party is a producer's subcontractor Alko will evaluate the cancellation of the product's purchasing and listing case by case.

Additional information about the auditing process is available at alko.fi/forsuppliers/responsible_purchasing.

To guarantee the transparency of the supply chain, the seller assures that Alko is notified of all the locations of seller's or subcontractors' premises including e.g. packaging and logistic services. The seller also assures that the production of goods and/or delivery of services for Alko are carried out exclusively at the locations the seller has indicated to Alko. To ensure the transparency of its supply chain, Alko may call for information collected by the suppliers on their subcontractors and partners in the supply chain when necessary. The seller understands that a failure to inform Alko of the locations where work for its products or parts of them and/or services are carried out is an adequate justification for immediate termination of all business and contractual relationships without any compensation responsibility for Alko.

In this connection seller means the contractual party selling goods to Alko.

*See also:

[amfori BSCI Code of Conduct, Annex 1, separate attachments](#)

Dolly pallets

On certain conditions the seller can offer a product for Alko's general selection or seasonal selection packed on a dolly pallet.

See the conditions for dolly pallets in [Annex 9](#).

Quality requirements

Alko's quality requirements for alcoholic beverages follow the relevant Finnish regulations and EU directives. Products must also meet the legal provisions of the country of origin concerning alcoholic beverages. The products attached to the Palpa recycling system must meet Palpa's material requirements.

The producers and importers of alcoholic beverages are responsible for the quality and content of the alcoholic beverages they release for consumption and for ensuring that the product and its labelling and other presentation conform to the provisions issued on them (Alcohol Act 1143/1994, section 43).

Best before marking

Beers and long drinks with less than 10 per cent alcohol by volume and all non-alcoholic beverages must have best before marking (EU 1169/2011). Date marking is also recommended for ciders and bag-in-box wines. Concerning the best before dated products being delivered directly to Alko shops, the products must be delivered to shops at least two months before the date. The products being delivered to Alko's central warehouse must be delivered at least four months before the best before date.

Changes to listed products

Changes to price and to mode of delivery

Retail prices are revised three times a year according to the schedule below. Thus, increases and decreases in the purchase price as well as changes to the terms of delivery and modes of distribution may become effective three times a year.

Price list period	Change to be notified by
5 February 2019 to 3 June 2019	1 December 2018
4 June 2019 to 30 September 2019	1 April 2019
1 October 2019 to 3 February 2020	1 August 2019

If a pricing factor, like alcoholic beverage tax, some other tax or some other factor (independent from Alko) is changed and it is not possible for suppliers to respond to it within the limits of the Alko's normal price list period,

- Alko will reserve a right to provide an additional possibility for changing the purchase prices out of normal price list period cycle.
- Alko reserves a right to change the announced price list periods in such a manner, that the beginning of a price list period can be matched to the timing of the tax increase or other pricing factor change, as long as the beginning of the price list period will not change more than 40 days (valid from on 12 November 2018).
- Alko has the right to implement the effects of these factors to purchase and retail prices as a unilateral technical change out of normal price list period cycle.

Price of a new product purchased from a tender cannot be changed for the first two price list periods after the product's listing date. However, a change in the mode of delivery makes an exception to the rule. If the delivery mode is being changed during the first two price list periods after the listing date, the purchase price has to be altered in a way that the retail price remains the same.

Changes in prices of specialty products and seasonal products cannot be made.

When retail prices are revised, the changes in import costs and volume classes of products delivered via Alko's central warehouse are taken into account, in addition to changes in purchase price and terms of delivery. Import costs are available at alko.fi/forsuppliers. The costs are revised once a year and the possible changes for the 2018 will be updated at the October 2017.

Central warehouse and shop delivery costs are shown by volume classes at alko.fi/forsuppliers. Volume classes are revised for each pricing period. The revision is based on 12 month period that ends two months before the price notification date. The volume class of a product is always valid for the whole pricing period at a time. When revising volume classes, a new product can be transferred to a more favourable class than the one defined for new products even before the ending of the 12 month period of sales, if the product has already reached the required sales volume.

If the seller wants the retail price of a product to remain unchanged even when import costs or volume classes change, the seller must alter the purchase price accordingly.

In special cases, such as the seasonal products, the price reductions can be carried out using a different timetable than the above mentioned schedule of price list periods.

Changes to price, delivery and distribution clauses for general and sale-to-order selection products must be made in Partner Network or by using Alko's offer form available at alko.fi/forsuppliers. An authorization must also be enclosed, when needed.

If only the prices of products are changed, it is possible to agree on submitting the information as an Excel file. This file needs to include at least the following information: Product number, product name, new purchase price and new retail price. The product number is determinant when prices are updated. In this case only the products with a change in purchase price are to be listed in the Excel sheet.

When the product is transferred from Alko's central warehouse distribution to another distributor Alko will sell the remaining stock to the new distributor. Fetching the product batch from Alko's warehouse to the warehouse of the distributor is agreed on a case-by-case basis. Alko will carry the responsibility of the product and its distribution to the date when the change becomes effective.

When the product is transferred from a direct distributor to Alko's central warehouse distribution, Alko will start buying it directly from the foreign supplier or from a new importer. Alko will carry the responsibility of the product and its distribution from the date when the change becomes effective.

To ensure a smooth change and flawlessness in EDI traffic, Alko will close the products, to which the change applies, from shop orders for two weekdays before the change becomes effective.

When the delivery mode is being changed the purchase price of the new product cannot change for the first two price list periods after the original listing date.

See also:

Filling in an offer form and authorizations, [Annex 4](#)
Changes of distribution and delivery terms, [Annex 7](#)

Changes in products

Valid for now, until the implementation of new product information practice is informed.

The contract between Alko and the seller concerns the offer and the offer sample approved by Alko. Alko's approval is required for changes related to the packaging, contents, closure and appearance of labels of the products. The changes must always be approved before the distribution of the product begins.

The condition for the approval is that the change:

- Is in accordance with the Consumer Protection Act, the Alcohol Act, and the guidelines issued by Valvira.
- Complies with the original search and offer according to the search criteria for two years starting from the listing date. Price changes, product changes affecting product's appearance and vintage changes (wines) are still possible according to the normal product change instructions.
- After two years also the changes to product's attributes that are mentioned in the product's search criteria and respectively in the offer are possible.
 - In this case the product's central allocation will be reset and it becomes a non-allocated product starting from the date of the change.
 - When the central allocation is reset a product will again be taken into assortment allocation monitoring from the next price list period after the change. Therefore a product may be allocated approx. 8 – 12 months after the product change.
- Essential characters that cannot be changed during a product's life cycle are the product's segment (excluding wine taste style and price) and maturing definitions (for example age statement in whiskies, "VSOP" in cognacs and "Crianza" in wines).
- Functions effectively in Alko's logistics system, and is in accordance with both Alko's space management concept and also its principles for chain management and chain operability.

Product change requests are made in Partner Network or with the product change form, available at alko.fi/forsuppliers. This form must be used also for any changes in the details of the production plant.

A product change leading to a change in the product's pricing (e.g. a change in the amount of excise duty) requires that the change request is made with the offer form. As an exception, when the product's recycling system is changed the resulting price change can be notified with an Excel file when the change is done according to the normal price list period cycle.

Product changes (including the change requests made with the offer form) that are not notified before the changed product reaches distribution, a fee of 300.00 euro (+ VAT) will be issued.

Maintaining product information and product changes (before: Changes in products)

Will come into effect, when technical solution for the new product change practice is built. Implementation of the new product change practice will be informed later.

The contract between Alko and the seller concerns the offer and the offer sample approved by Alko. Supplier is responsible for keeping the product information and required documentation up-to-date for the products it represents. This is done through the product information card. The changes related to packaging, content, closure or appearance of label must be approved by Alko before the distribution of the product begins.

The condition for the approval is that the change:

- Is in accordance with the Consumer Protection Act, the Alcohol Act, and the guidelines issued by Valvira.
- Complies with the original search and offer according to the search criteria for two years starting from the listing date. Price changes, product changes affecting product's appearance and vintage changes (wines) are still possible according to the normal product change instructions.
- After two years also the changes to product's attributes that are mentioned in the product's search criteria and respectively in the offer are possible.
 - In this case the product's central allocation will be reset and it becomes a non-allocated product starting from the date of the change.
 - When the central allocation is reset a product will again be taken into assortment allocation monitoring from the next price list period after the change. Therefore a product may be allocated approx. 8 – 12 months after the product change.
- Essential characters that cannot be changed during a product's life cycle are the product's segment (excluding wine taste style and price) and maturing definitions (for example age statement in whiskies, "VSOP" in cognacs and "Crianza" in wines).
- Functions effectively in Alko's logistics system, and is in accordance with both Alko's space management concept and also its principles for chain management and chain operability.

Product information is maintained through the product information card in Alko's Partner network. If supplier is not using Alko's Partner network, changes will be made by using product change form (www.alko.fi).

A product change leading to a change in the product's pricing (e.g. a change in the amount of excise duty) requires that the change request is made with the offer form. As an exception, when the product's recycling system is changed the resulting price change can be notified with an Excel file when the change is done according to the normal price list period cycle.

If there is a relevant mistake in the product information from customer's point of view, a fee of 300.00 euro (+ VAT) will be issued for the supplier. Such a mistake can be e.g. anomaly in product's allergen markings, not updated product image or vintage.

See also:

Changes to listed products, [Annex 8](#)

RETAIL PRICES

Retail price is based on the product's price without tax at the back door of Alko shops. Apart from this back-door price (BDP), the retail price includes Alko's margin, possible deposit, alcoholic beverage tax, tax on retail containers as well as VAT.

Taxation

In Finland, alcoholic beverages are subject to alcoholic beverage tax, environmental tax on retail containers, and general VAT.

The Act on the Alcoholic Beverage Tax defines an alcoholic beverage as a beverage for consumption if it contains over 1.2% ethyl alcohol by volume; beer is considered an alcoholic beverage if it contains over 0.5% ethyl alcohol by volume. Alcoholic beverages are divided in the tax act into beer, wine and other fermented alcoholic beverages, intermediate products and ethyl alcohol.

Small breweries that are juridically and financially independent from other companies in the same line of business are entitled to a lowered alcoholic beverage tax. Such breweries must send Alko reliable evidence, approved by the customs, of their right to the tax concession. This clarification must be sent each year by the end of February. If the clarification is not delivered to Alko in time, a possible concession earlier will not be taken into account in the pricing of the products. Clarifications approved by the customs are: producer's own notification or certificate issued by the customs, tax authorities or chamber of commerce of the producing country. For new products, the brewery must state the production volume on the offer form and attach either the producer's notification certifying the volume or a certificate issued by the customs of the producing country.

Tax on retail containers is levied for environmental reasons on some containers of beverages belonging to customs tariff group 22. If a small independent producer has maximum 50 000-litre beverage volume in beverage containers supplied for consumption during a calendar year, it is exempted from the tax. The producer must send Alko a clarification approved by the customs to certify its independence and the annual production volume. This clarification must be sent each year by the end of February. If the clarification is not delivered to Alko in time, a possible concession earlier will not be taken into account in the pricing of the products. Clarifications approved by the customs are: producer's own notification or certificate issued by the customs of the producing country.

A value-added tax is paid on all products sold in Finland. The tax is calculated on the VAT-free sales price.

See also:

Alcoholic beverage tax and tax on retail containers, [Annex 11](#)

Calculating the retail price

The terms of delivery of a product have an influence on Alko's retail price. The domestic seller can take care of product distribution to shops (TOP Alko shops, Finnterms 2001) or choose Alko's storage and distribution service (delivery terms TOP Alko's central warehouse, Finnterms 2001). The foreign seller can choose Alko's import service (delivery terms FCA, FOB or DAP, Incoterms 2010).

The retail price can be calculated with a price calculator available in Partner Network or at alko.fi/forsuppliers. The pricing models for different terms of delivery can also be seen in the table below.

The retail price is calculated as follows:

TOP Alko shops (Finnterms 2001): Alko buying from domestic seller	Top Alko's central warehouse (Finnterms 2001): Alko buying from domestic seller	Alko's import service FCA, FOB tai DAP (Incoterms 2010): Alko buying from foreign seller and acting as importer
The seller distributes the products to shops Alko's purchase price includes alcoholic beverage tax and tax on retail containers, but no deposit	Products are stored and distributed to shops by Alko Alko's purchase price does not include alcoholic beverage tax, tax on retail containers or deposit	Products are stored and distributed to shops by Alko Alko's purchase price does not include alcoholic beverage tax, tax on retail containers or deposit
Alko's purchase price – alcoholic beverage tax – tax on retail containers – Palpa recycling fees**	Alko's purchase price + Alko's central warehouse and shop delivery costs*	Alko's purchase price + import costs* + EAN coding cost for the import service + Alko's central warehouse and shop delivery costs*
= Back-door price (BDP)	= Back-door price (BDP)	= Back-door price (BDP)
x coefficient (Annex 10) + deposit * + Palpa's recycling fee** + alcoholic beverage tax and tax on retail containers (Annex 11) x value added tax	x coefficient (Annex 10) + deposit* + Palpa's recycling fee* + alcoholic beverage tax and tax on retail containers (Annex 11) x value added tax	x coefficient (Annex 10) + deposit * + Palpa's recycling fee** + alcoholic beverage tax and tax on retail containers (Annex 11) x value added tax
= Retail price	= Retail price	= Retail price

*Import costs consist of freight, insurance, duties and import surcharge. Import surcharge includes insurance, handling costs and the overhead expenses. Import costs, deposits for beverage containers and Alko's central warehouse and shop delivery costs are shown at alko.fi/forsuppliers.

** Palpa's recycling fees are shown on Palpa's website at www.palpa.fi. Recycling fee for a refillable bottle is 0.0182 euro.

Recycling system costs

Alko registers most of the glass bottles, cans and plastic bottles using Alko's import service in the deposit-based recycling systems (Palpa). However, products are not registered in Palpa's systems in the following cases: containers which do not meet the requirements of the recycling systems in relation to e.g. package size or material, containers which do not have an EAN-code required by the reverse vending machines, products ordered in small quantities, such as specialty products. The costs incurred for being a part of a recycling system are taken into account by Alko in the pricing of products using the import service.

In the calculation of EAN-coding cost in Alko's import service, product registration fees and expenses from changing EAN-codes are taken into account. In the pricing of the products, EAN-coding cost is 1.41 cents per litre in 2017. The recycling fees are given in Palpa's price list available on their website at www.palpa.fi. Recycling fee for a refillable bottle is 0.0182 euro.

Alko's central warehouse and shop delivery costs

If the seller uses Alko's central warehouse and shop delivery services, costs indicated on alko.fi/forsuppliers website's price list and tied to sales volumes are applied in the retail price calculation. Bag-in-boxes or liquid cardboard packages have their own cost class.

The following cost classes are applied for new products:

- for specialties with the estimated demand in the tender the cost of volume class "under 2,000 sales units" (if the total purchase quantity is under 2,000 sales units) or the cost of volume class "2,000 – 29,999 sales units"
- for bag-in-boxes and liquid cardboard packages, the cost of their own volume class
- for mulled wine (gloegg), the cost of a volume class corresponding to the total purchase volume agreed with the supplier
- for other general selection, seasonal selection and sale-to-order selection products, the cost of volume class "2,000 – 29,999 sales units".

The expenses arise from both the costs of storage facilities and services and the costs of deliveries to the shops. The expenses also accumulate from controlling material flows, maintenance of logistics-related data systems and administration.

The costs are based on an activity-based analysis of Alko's logistical material flow and a calculation of the prices and resources required for its various stages.

See also:

Alko's central warehouse and shop delivery costs, alko.fi/forsuppliers

Pricing coefficients

Alko's sales margin covers the expenses of retail sales and its administration as well as the company's operating profit. The sales margin is included in the product's retail price by using pricing coefficients. Pricing coefficients are calculated for five different pricing groups (see [Annex 10](#)).

Lower pricing coefficients

When the tax-free back-door price exceeds 19.50 euro per litre, retail price calculation applies coefficients that are lower than the normal pricing coefficients. Calculation of lower pricing coefficient is explained in [Annex 12](#).

[Annex 13](#) shows an example of retail price calculation by using the lower coefficient. This example is for calculating the retail price for wine.

Minimum margin

For pricing groups 1, 2 and 3 the minimum margin is 1.25 euros per litre, yet never less than 0.64 euros per bottle/can. For pricing groups 4 and 5 the minimum margin is 0.78 euros per litre, yet never less than 0.29 euros per bottle/can.

The minimum margin is applied, if the pricing coefficient gives the product smaller margin than the minimum margin.

As a tool for price estimates you can use the price calculator available at alko.fi/forsuppliers.

Rounding the retail price

The retail prices are indicated with an accuracy of one cent.

The total of cash purchase is rounded to the nearest 5 cents, which is the normal commercial usage in Finland.

APPEALING ALKO'S DECISIONS

In accordance with Section 80, Paragraph 2 of the Alcohol Act (1102/2017), revisions on Alko's decision on listing, delisting and pricing of alcoholic beverages can be appealed to the National Supervisory Authority for Welfare and Health (Valvira) as adjusted by the Administrative Act. On separate written request, Alko will deliver the rationale for decision and appeal instructions required for the appeal without delay. The demand for revision has to be presented to Alko within 30 days of the announcement of the original decision.

CHANGES TO CONTRACT TERMS OR RULES OF PROCEDURE

If the legislation or the decisions of the authorities concerning Alko or its operational environment change, including the legislation on alcoholic beverage taxes or other taxes, we reserve the right to make changes to our contract terms and/or rules of procedure in the way provided by the legislation in force.

ANNEX 1 – AMFORI BSCI CODE OF CONDUCT (SEPARATE ATTACHMENTS)

ANNEX 2 - ALKO'S TERMS OF PURCHASE AND DELIVERY

The following terms apply to all of the purchases regardless of the delivery term or form. The delivery term is supplier-specific.

Placement of orders

Alko Inc. (Alko) places all orders direct with the Seller.

Only Alko's product numbers are used in orders. An order unit is always the same as the sales unit. It is also the minimum order batch if the shop so chooses.

Confirmation

The Seller must confirm the order before the dispatch and within two (2) working days from receiving the order at the latest. If Alko does not receive confirmation, or if the confirmation deviates from the order, the order is not binding on Alko.

Price adjustments by the Seller

Price adjustments can be implemented according to the schedule of price and mode of delivery changes published in the listing instructions. Notice of adjustments must be submitted on specified form agreed with Alko.

Product specifications

The Seller is responsible for meeting product specifications as stipulated in the country of origin, in Finland and in EU legislation.

When signing the offer or submitting the offer in the Partner Network, the Seller guarantees that the seller and all the corporate bodies in the same supply chain have carefully studied the BSCI Code of Conduct (Annex 1) and will abide by the values and principles included therein for all parts.

The product must match the offer and sample approved by Alko and it must be free from quality defects. The seller is responsible for the accuracy of the information maintained on the product information card. Any alterations to beverage containers, their content, closure or the appearance of labels must be agreed upon in advance with Alko.

In the case that a product/products does not fulfill the requirements mentioned above Alko will immediately withdraw the product/products. The seller will then be responsible for all the costs related to this.

Product liability

The Seller is without exception liable for any direct or indirect harm, loss or damage to persons or property caused by the product. This applies also to residual or other taxes imposed on Alko as a result of the product not corresponding to the product information the Seller has given. The Seller is required to cover all additional costs or compensation to any party suffering loss or damage caused by a defective product. Under no circumstances is Alko to be held accountable. Should Alko be called upon to compensate damage incurred through the Seller's product, Alko is authorised to reclaim this sum and the expenses incurred from the Seller.

Industrial property rights

The Seller is responsible for ensuring that the products distributed to Alko are in the Seller's effective control and disposal in Finland as regards relevant industrial property rights (e.g. right to a trade mark).

Alko has the right to use trademarks or brands – either in part or in their entirety – or other information mentioned on the label or information given by the supplier in its

price list or in-store marketing without providing additional compensation. Alko has the right in connection with this to add any information which is relevant to consumers – e.g. information about grape varieties.

By delivering a product image to Alko the Seller approves that Alko can use, edit or possibly assign the image for example to the media.

If any claims or demands are brought against Alko on the basis of industrial property rights, the Seller will be liable for any expenses – e.g. legal expenses, compensation and litigation incurred from violations against the above mentioned rights. In such a case Alko also has the right to withdraw the product/products in question immediately, the seller will be responsible for all the costs related to withdrawal. The Seller must provide Alko with any information needed to settle the case.

Labels and sales units

Labels and sales units must conform all the stipulations and regulations effective in the EU and Finland. Each product must be provided with a GTIN code (EAN or UPC). Exceptions to this rule are possible only when products with limited availability are concerned.

It is not allowed to use any loose elements in the sales packages (for example neck hangers). Acceptability of elements in Alko's selection is evaluated case by case considering the implementation style.

Alko has a right to charge possible costs of insufficient or not accepted product change markings or loose elements from the supplier. If necessary Alko will withdraw the product/products.

Cases

Products are to be packed in cases in a way that the products will withstand transportation. The size, material and weight of the cases must be suitable for handling the cases without special equipment in shops. Allowed maximum weight of an individual case is 25 kilos.

A bar code approved by Alko and identifying the case must be marked at least on the short side of the case. The Seller is liable for any additional costs incurred due to insufficient or incorrect case markings.

Loading pallets

The products must be packed carefully to withstand conventional transport. The pallets used for transportation must be approved by Alko. EUR pallet 800 x 1200 mm is recommended. Alko accepts those invoices for pallets that are in line with the pallet price list available on the Alko website. No disposable pallets are repayed. The pallets coming from outside the EU or from certain EU-countries specified by the authorities must be made in accordance with ISPM 15 standard.

Termination

By submitting written notification, Alko may cancel a confirmed order, without incurring expenses, and delist the product from the selection in any of the following cases:

- a) the Seller fails to meet the provisions indicated under Product specifications;
- b) the Seller goes bankrupt, begins credit restructuring, has ban on business operations, is placed in liquidation or sells out to a third party;
- c) the Seller for some reason proves unable to deliver the general selection product as agreed or a product is closed for orders for over three (3) months.
- d) a party in the supply chain of a product in Alko's selection refuses an audit made by Alko or a third party, does not provably follow the amfori BSCI ethical values and principles, or does not complete corrective actions pointed to the party in agreed time.

In the case that Alko is forced to cancel a confirmed order or withdraw product/products already in the shop based on aforementioned cancellation terms the Seller will be responsible for compensating Alko for the costs of shop withdrawal or any other activities related to the cancellation.

If not repeated, minor shortcomings in deliveries do not lead to the removal of the product from the selection.

The Seller must notify Alko immediately in cases of force majeure. If the disturbance persists for longer than 30 days, Alko may cancel the order without incurring expenses.

Settlement of disputes

Finnish law is applied to these terms of purchase and delivery. Disputes will be settled in the Helsinki District Court.

ANNEX 2A - ALKO'S IMPORT SERVICE

Delivery clauses

The accepted delivery clauses are FCA supplier's warehouse, FOB port of shipment or FCA carrier's terminal. In the case of DAP deliveries, the delivery clauses are DAP Alko warehouse Vantaa for truck deliveries and DAP Vuosaari harbour for container deliveries. Incoterms 2010 apply to all deliveries. The dispatch must take place from a tax-free warehouse.

Alko takes care of customs clearance and other obligations relating to the imports of products including the registration of the product to the deposit-based recycling systems and takes care of deposit and recycling system costs related to them.

The supplier must have the necessary license and capability for excise goods shipment in the EU, for electronic export covering letter (eAD) in the EMCS system.

Documentation

A separate invoice must be drawn up for each order. The invoice must include the following information:

- name and address of Seller and Alko
- VAT-number of Seller and Alko (EU)
- date and number of invoice
- number of Alko order
- Alko product number
- trade name of product
- number of bottles, cases or pallets
- bottle size and alcohol content (% by volume)
- price per unit or case and total amount
- Seller's BIC-code and IBAN number
- delivery clause and terms of payment
- country of purchase and origin

Documents certifying the product's country of origin must be enclosed (e.g. EUR 1, VI 1, VI 2, form A). An original document of VI 1 must be addressed and sent to Alko immediately after the dispatch of the goods from the Seller's country.

All documents must be sent to Alko directly after the dispatch of the goods to ensure that they are at Alko's disposal at the time the consignment arrives. The Seller is liable for any additional costs incurred due to missing documents.

Terms of payment

The terms of payment are 30 days from the date the goods enter Finland. Invoices submitted to Alko must be denominated in euro (EUR).

Mode of transport

The container/truck must be sealed and Alko must be informed of the seal number. In the case of DAP deliveries, the Seller must arrange thermo transportation, if the quality of the cargo, distance or weather conditions require so. The acceptable maximum height of a loaded pallet is 1800 mm.

Delivery arrangements

The date of delivery may not be altered without the approval of Alko. If the goods arrive ahead of schedule, Alko reserves the right to delay payment accordingly. Alko has the right to reclaim any costs incurred due to defects in delivery. On the day of the delivery, Alko must be provided with the following information: order number, name and number of the product, number of cases and pallets and date of dispatch.

Transport insurance

Alko is responsible for the transport insurance, according to delivery clause.

Costs

All additional expenses, for example costs incurred from export formalities as well as export duties, taxes and other official costs in the Seller's country are taken to be included in the price. The Seller is not entitled to charge Alko for these expenses. Both the Alko and the Seller cover their own bank charges.

ANNEX 2B - DELIVERIES FROM FINLAND TO ALKO CENTRAL WAREHOUSE

Delivery clause

The delivery clause is TOP (delivered to) Alko's central warehouse Vantaa. Finnterms 2001 apply to domestic deliveries. The dispatch must take place from a tax-free warehouse.

Documentation

A separate invoice must be drawn up for each order. The invoice must include the following information:

- name and address of Seller and Alko
- VAT-number and business-ID of Seller and Alko
- date and number of invoice
- number of Alko order
- Alko product number
- trade name of product
- net and gross weight
- number of bottles, cases or pallets
- bottle size and alcohol content (% by volume)
- price per unit or case and total amount with VAT-specification
- Seller's bank and account number
- delivery clause and terms of payment
- country of origin

The Seller is liable for any additional costs incurred due to missing documents.

Prices

For deliveries to Alko's central warehouse the prices must be quoted without tax. Importer takes care of customs clearance and other obligations relating to the imports of products. The Seller is in charge of the product's possible registration to the deposit-based recycling system and fees related to the registration. Alko is in charge of the deposit and recycling payments related to the deposit-based recycling system, and notifications related to the payments in question to the recycling system's administrator.

Terms of payment

The terms of payment are 30 days from the date of invoice. The invoice must be sent latest on the day following the dispatch day. The invoice cannot be dated earlier than the dispatch day.

Mode of transport

The Seller must arrange thermo transportation, if the quality of the cargo, distance or weather conditions require so. The acceptable maximum height of a loaded pallet is 1800 mm.

Delivery arrangements

The date of delivery may not be altered without the approval of Alko. Alko reserves the right to reclaim any costs incurred due to defects in delivery.

ANNEX 2C - DIRECT DISTRIBUTION TO ALKO SHOPS (APPLICABLE TO DELIVERIES FROM FINLAND ONLY)

Delivery clause

The delivery clause is TOP (delivered to) Alko Shops Finnterms 2001.

Prices

Quoted prices must include alcoholic beverage tax and tax on retail containers.

Terms of payment

The terms of payment are 30 days from the date of invoice. The invoice must be sent latest on the day following the dispatch day. When the goods are delivered directly to Alko shops, Seller must send Alko a day specific joint invoice with the prices of the ordering date. The joint invoice must include specifications by shops.

Volume and administrative requirements for direct distributors

The direct distributor needs to have Valvira's granted alcohol wholesale license and other licenses for operation. A direct distributor must have such capabilities for entire message flow of an electronic order-delivery process that are tested and approved by Alko. In addition, a yearly volume of a million sales unit is required from a direct distributor (except for sale-to-order products produced by a microbrewery or small producer) either as a single operator or as a partner of a so-called contract warehouse model that meets the sales requirement. In the latter case, at least the order and dispatch advice messages must go through the contract warehouse.

The building of the electronic message flow is done according to the schedule defined by Alko. If the connections can't be tested and approved at least one (1) month before the date set for starting deliveries of the new product, the deliveries will take place through Alko central warehouse. Supplier must then make a new offer by using delivery terms TOP Alko's central warehouse so that the retail price of the product must remain unchanged. After listing to the selection, changes of distribution and delivery terms can be made according to the normal price list period cycle.

Order to supplier

Shop orders are sent to the Supplier, in all cases, via Alko's order system in electronic form.

The delivery day on which the order is dated should be consistent with a pre-planned transport schedule.

Basic orders are sent from a shop by 12 noon, two (2) working days before the agreed delivery time. Sale-to-order selection products must be delivered within five (5) days from order at maximum. The Alko Online shop makes an exception to this as the products must generally be delivered within one (1) workday from the order.

Reliability of deliveries

The number of erroneous delivery lines must remain below 0.5 percent of the total number of delivery lines. Alko has the right to charge the Supplier for all the costs caused by defects in delivery.

Notification about temporary shortage of a product

The Supplier has to inform Alko's Material Flow Control Centre forthwith about a temporary shortage of a product and tell when the product will be available again. The Supplier must send the information in EDI-form separately agreed with Alko or by email to mok@alko.fi or by updating the information to the extranet application if an agreement has been made about its use with Alko. When email is being used, a summary about products arrived or finished must be delivered on Fridays as well.

Deliveries

The Supplier should have the capacity to deliver orders to all shops at least once a week, and more often to big shops in accordance with the demand.

Distribution must take place in accordance with a shop-specific delivery plan. A delivery plan means an agreement between Alko and the Supplier about a delivery schedule which applies to the delivery address, day and hour. A deviation of +/- 30 minutes at most is allowed in the agreed delivery time. A delivery plan is made jointly by Alko, the shop, the Supplier and the transport company. Alko's Material Flow Control Centre is responsible for maintaining the delivery plans.

Deliveries that differ from a fixed delivery plan must be agreed upon with Alko. A need for a typical deliveries may arise, e.g., during times of high demand or when the delivery day is dropped due to a public holiday. Alko's Material Flow Control Centre creates separate delivery plans six (6) weeks before Christmas, New Year, Easter, May Day and Midsummer Day.

The entire batch of products delivered to the Alko Online shop has to be from the same manufacturing batch (vintage, label, bottle closure, best before date, etc.).

Loading terms

EUR pallets are used for loading of goods. Other separately agreed and generally well-known loading platforms can be used as well. Use of a differing platform must always be agreed on with Alko. To some shops, products can be delivered only in roller cages or pallets that are smaller than normal. Alko informs the Supplier about these shops separately.

Products must be carefully packaged to make them endure the strain associated with standard transport modes. The maximum height of a delivery is 1600 mm. Loading of two (2) pallets on top of each other is not allowed, and the delivery cannot exceed the external dimensions of the loading platform.

Deliveries must be put together in such a way that the shop's acceptance check is effortless and safe. Products with the same product number are recommended to be stacked in piles on the same pallet. Cases must be placed on the loading platform in such a way that the carton barcodes or the product numbers can be seen as easily as possible.

The Supplier must use transport equipment with which loading and unloading are effortless in all conditions. In cold weather (frost periods) goods must not be left on a shop's unheated unloading pocket or intermediate terminals.

Acceptance

The driver or some other representative of the Supplier unloads the goods to a place indicated and prepared by the shop. Before a receipt for the delivery is given, the number of cases and pallets are compared with the freight declaration while the driver is present.

Possible delivery reclamation messages or information is sent to the Supplier within four (4) days from the receipt of the delivery.

Freight declaration and freight list

The number of pallets and cases must be entered in the freight declaration; the address of the shop and the delivery date must be marked on the pallets. Attached to the freight declaration or, when requested, delivered electronically, there must be a freight list, which corresponds to the physical delivery and which also shows Alko's product number, the name of the product and the number of bottles, a total number of all bottles as well as all packages with deposit (cages, pallets, honeycomb boards etc.). In the freight list, the products must be in the order of Alko's product numbers.

Returns

Alko and the Supplier agree case by case on returning or destroying of major faulty deliveries or unsalable products in shops. Also, a separate agreement is made for the return of empty bottles, deposit-paying transport accessories and other material.

The length of the **monitoring period** is approximately six (6) months, during which the sales originating from the relevant price list period are somewhat weighted in the monitoring period. Consequently, 75 % of the first eighth (8) weeks' sales are taken into account, and the four (4) months' sales (approximately) covering the price list period are taken into account to full extent.



Calculation of the turnover used in sales monitoring

Distribution level

coefficient =
$$\frac{\text{Turnover (without tax) of the shops where the product was sold} \times 0.8 + 0.2}{\text{Turnover (without tax) of all shops}}$$

With the help of the distribution level coefficient, the absolute tax-free turnover of the segment's products is made comparable despite the fact that the sales of the products come from different shops. Therefore the products in a segment can be placed in order according to the size. The calculation is done in the way that the distribution level coefficient is always 0.2 at minimum. This limits the sales weighting based on distribution level to 5-fold at maximum.

The sales of a product through the Alko Online shop will be credited as unweighted turnover to the shop where the order will be picked up

Turnover used in calculation and based on weighted distribution level

coefficient =
$$\frac{\text{Turnover (without tax) of the product} - \text{turnover exceeding the one-off purchase limiter}}{\text{Distribution level coefficient}}$$

Distribution level coefficient

In the calculation of turnover based on weighted distribution level coefficient, purchases differing from normal purchase rhythm are not taken into account. With the use of the one-off purchase limiter, unusually big one-off purchases differing from the normal purchasing rhythm are left out. In the calculation of the weighted distribution level coefficient, the maximum to be taken into account is the value of the tax-free turnover per purchase, corresponding to the limiter amount.

CALCULATION EXAMPLE

Total turnover (without tax) of the shops selling the product	= 100,000,000 euro
Turnover (without tax) of all shops	= 600,000,000 euro
Turnover (without tax) of the product	= 50,000 euro
Turnover (without tax) exceeding the one-off purchase limiter	= 5,000 euro
Distribution level coefficient	= $((100,000,000/600,000,000) \times 0.8) + 0.2 = 0.33$
Turnover corresponding to the weighted distribution level coefficient, used in calculation	= $(50,000 - 5,000)/0.33 = 136,363.64$

ANNEX 4 - FILLING IN AN OFFER FORM; AUTHORIZATIONS

Product information

Name of the product must be given as it is on the label. The producer must also be given in accordance with the label. In addition, the details requested about the production plant (brewery, distillery, winery) must be given in the field reserved for this information.

If the product is organic, it must be declared by ticking the corresponding box in the form. If the product has an official ethical certification, this must also be indicated on the form specifying what kind of certification is in question. If the product is offered as vegan friendly, natural wine, or with a local certification, these must be confirmed in the labelling or in the packaging.

Information on price, amount, packaging and delivery

Both Alko's retail price and the corresponding purchase price to Alko, based on delivery terms, must be indicated. The retail price must be given in euro/sales unit.

When using Alko's import service, the delivery clause must be written in the order: postal code and locality or port. Pre-priced collection locations, ports of departure and delivery terms are shown at alko.fi/forsuppliers > Prices > Import costs. Locations that are not mentioned on the list will be priced separately case by case.

Additional details/label

Instructions for giving additional information:

- Additional details required by the search must be stated on the offer. In the additional information field, also other essential product information can be disclosed.
- The product's label/image can be put in the field reserved for it or, alternatively, in a separate attachment. An image is compulsory if it has been requested in the search, and it is recommended in any case. The image quality must be readable and clear. An image that is delivered electronically must be as an attachment in the jpg, pdf or Power Point format.

Offer signature

Offers having an original signature can be approved when sent in Partner Network, by post or by e-mail as a scanned copy (pdf-format). If the offer is sent by e-mail, only one offer document per e-mail message is most desirable way. The tender, for which the offer is intended, must be indicated in the message title. The text must be easily readable. In addition, the original offer document must be sent of a product that is purchased if the offer has been a scanned document or a copy sent by post.

Authorizations

An authorization of the producer or the owner of the trademark must accompany each offer for a new product. No authorization is, however, required if the seller offers a brand to which he has the right of ownership or use or if it is offered for a smaller specialties tender. Authorization template is available at alko.fi/forsuppliers.

Things to be observed:

- Offerors who make their offers on the Partner Network must provide the authorization as an attachment to the offer, e.g., in a pdf format.
- The authorization must clearly indicate the role/roles for which the offeror is empowered.
- Authorizations should clearly indicate those products or product series and producers that occur in the corresponding offers as well as the connection between the product and the assignor (principal), if it is not clear on the basis of the product name, for example.
- If the producer indicated on the offer and corresponding to the label has a different name from that of the assignor (principal), the connection between these must be clarified in the authorization.
- The authorization should be effective preferably until further notice or at least for as long as the offer is valid.
- The text, date and signature must be clearly readable. The authorization must also carry a clarification of the signatory name and the company position entitling him to sign the offer.
- If the producer/trademark owner has authorized several different companies to represent the same products and Alko therefore receives several different offers of the same products from different suppliers within the same search, all such offers received will be rejected for clashing with each other.

ANNEX 5 - GTIN CODES, VALVIRA CODES AND THE CODES OF TRANSPORT PACKAGES

GTIN codes

A product purchased must have a bar code readable with the bar code readers that are being used in Alko shops. Alko approves the following types of bar codes:

- EAN-13, which is the most common bar code in Finland (13 digits)
- EAN-8, which is a shorter code for small-sized products (8 digits)
- UPC-A, which is a US equivalent of EAN code (12 digits)
- UPC-E, which is a US equivalent of EAN-8 code (8 digits)

Sale-to-order selection products can also have GTIN code made of Alko's product number with a separate approval. Then also a code provided by Valvira must be sought for the product but it must not be used as a bar code on the label.

Alko's information system requires a code that has 13 digits. For this reason, the users of the Partner Network, when offering a product, must add zeros in front of shorter codes to create a code that has 13 digits. Companies making a paper offer should mark the code to the offer as it is in the bottle.

Importers must provide The National Supervisory Authority for Welfare and Health (Valvira) the same GTIN code information as they provide Alko. Otherwise the sales information that Alko sends to Valvira does not match with the product information in Valvira's system.

The bar code requirement is not categorical in all cases of products in the smaller specialties, but then a Valvira's code must be sought for the product. However, all exceptional cases must be separately agreed upon with the respective product manager at Alko. The codes provided by Valvira are of the form of 64192941XXXXX, and they must not be used as a bar code on the label.

A GTIN code in a product needs to fulfill the requirements from Palpa if the product is registered in Palpa's recycling system.

Marking of transport packages

Marking the transport packages with Alko's product number is recommended, but not obligatory.

The requirement of using a bar code which identifies the transport package does not concern packages where the product code can be scanned directly from the consumer package. Such packages are e.g. cages, dollies or shrinkwrapped products. But even on these packages it is permitted and recommended to use a separate transport package identification bar code.

If possible, the transport package code should be indicated already on the offer, for the code to be included automatically into all Alko's systems.

For the sake of functionality on scanners, the following forms of bar codes are recommended:

- ITF-14, which is also known as a DUN code.

- EAN-13, but when using this code it must differ from the EAN code of the consumer package (e.g. bottle), because the scanner concludes from this code also the quantity of consumer packages.

Other forms of bar codes can also be acceptable, but their functionality must be separately checked out. This can be done by sending an original size scanned image of the code to Alko's Material Flow Control Centre (mok@alko.fi) for checking. The scanners at Alko shops recognize with certainty only the bar codes with numbers, so letters and special characters (including the brackets) should be avoided.

If the transport package has no pre-printed bar code, then the cartons must be provided with a bar code sticker before delivering them to the shops. If ITF-14 code is used on the stickers, then the code can be formed for example as follows:

- The first number of the code shows the number of consumer packages inside the transport package:
 1= 6 bottles/packages
 2= 10 bottles/packages
 3= 12 bottles/packages
 4= 20 bottles/packages
 5= 24 bottles/packages
 8= dolly (regardless of the number of bottles/packages)
 9= other than above mentioned package size
- The next 12 numbers come from the first 12 numbers of the EAN code of the consumer package that is inside the transport package so that the last number of the EAN code (control number) is left out.
- The last digit is a control number that will be calculated automatically based on the code's earlier digits.

An example of ITF-14 code:



Also take note of these when using bar codes:

- The leading zeros have to be notified and entered into the system as it requires them.
- If the carton has several different bar codes, all of them can be linked to the product which facilitates the work at the shops.
- If the package size changes e.g. from six (6) bottles to 12 bottles, then also the DUN code must be changed, because the system recognizes also the package size by a bar code.
- The recommended color of the bar code is black. Also blue, green and dark brown are acceptable. Red should never be used because the scanner has a red beam and then the contrast is insufficient.
- For the background color it's recommended to use white, yellow, orange or red. Never use blue, green, brown or gold as a background color.

ANNEX 6 - INSTRUCTIONS FOR SENDING SAMPLES AND CERTIFICATES

Delivery of samples and certificates requested by Alko

The samples must be delivered to Alko as soon as possible after receipt of a sample request, and latest on the due date indicated in the sample request. The time for bringing the samples to Alko's central warehouse is between 9.00 in the morning and 15.00 in the afternoon on working days. It is recommended to attach a "goods received note" to the sample delivery. This note is available in Finnish at alko.fi/tavarantoimittajille.

If the samples are delivered by courier service, they must be sent on delivery terms DDP Incoterms 2010 to the following address:

Alko Oy/Posti Group
Tikkurilantie 148
Portti 1, ovet D 18-21
01530 Vantaa, Finland

The samples delivered must correspond to the final sales package and be stable. The preliminary design of the packaging and appearance (a so called mock-up) needs to contain all the required package markings that are in line with regulations and the criteria stated in the search. If a mock-up has been sent together with the samples and the product proceeds to the purchasing stage, the supplier must send a suitable packaging sample for photographing at one's earliest convenience.

General and seasonal selection and specialties samples

Number of offer samples

Generally, the number of sample bottles is:

- two (2) bottles of wines and spirits
- four or five (4/5) bottles of brewery products

Sample amounts are also given in Alko's sample request. All the sample bottles must be products indicated in the offer.

After the actual sample request Alko may request additional samples. Additional samples must be from a production batch that is congruent with the original samples. Additional samples must be delivered within two (2) weeks from the request of additional samples.

Delivery starting samples

When starting the deliveries of the purchased product, one (1) sales package must be delivered as a sample of the first batch that has arrived in Finland and will be distributed to shops. The sample must be accompanied by Alko's form "jakelunaloitusnäytteiden saate", available in Finnish at alko.fi/tavarantoimittajille. This covering note must be signed by the offeror. Delivery starting samples are not required for products that belong to specialties nor for products transferring to general selection from sale-to-order selection, seasonal selection or specialties.

Certificates for the samples

After the product has been chosen to be purchased, certificates of e.g. organically and ethically certified products are requested to be sent in an electronic format when necessary. A new product can be made available for orders only after the required certificates are delivered to Alko.

Sale-to-order selection's Listing Service samples

When using Listing Service two (2) samples must be delivered of the new sale-to-order selection products (T1 and T3). The certification documents of an organically/ethical certified products and certification document for a small producer concession (last year's production volume in thousand litres) must be submitted on the offer form. No delivery starting samples needs to be delivered of the sale-to-order selection products.

If the seller wishes to transfer a product from T1 category to the general selection after the product has attained the requirements explained earlier, he must fill in a product request form and send three (3) samples minimum two (2) months before the desired validity date of the requested change.

In the case of product changes Alko may request separate samples.

Analysis methods used

When offering specialties and sale-to-order selection products the supplier needs to announce the analysis values of the product which are based on measured results. The analysis methods used must comply with the EU regulations (EC) No. 2870/2000 and 2091/2002 and OIV's instructions (wines, spirits and distilled drinks, ciders and long drinks).

The analysis methods used in the analysis of beers must follow the instruction in European Brewery Convention (EBC) Analytica-EBC, 5th Edition.

ANNEX 7 - CHANGES OF DISTRIBUTION AND DELIVERY TERMS

Things to be observed, when distributor or delivery terms of a product change:

- A new offer for the product must be made in Alko's Partner Network or by using the offer form available at alko.fi/forsuppliers. Copies of the new authorization and cancellation of the old one must be attached to the offer.
- An offer for a new product must be valid till at least the beginning of the price list period which comes after the change date.
- The documents must be delivered to the respective product manager at the latest on the day of notification shown in the schedule. The changes will take effect on the following possible effective date that is mentioned in the table on page 18. (E.g., as a new authorization comes into effect on 5 February 2019, the validity of the old authorization will be marked as ended on the same day, 5 February 2019).
- Offer forms, templates of authorization and cancellation of authorization as well as the product managers' areas of responsibility are all available at alko.fi/forsuppliers.
- The responsibility for functioning of material and message flows is transferred to a new distributor from the beginning of the effective date for the change.
- The new holder of the authorization can, in the name of his principal, make offers of new products from the last notification date of the change date. E.g., for changes that take effect on 5 February 2019, the last notification date is 1 December 2018. Starting from the latter date, the new holder of the authorization can make offers in the name of his principal.
- Changes of distribution and delivery terms cannot be made to the offers that are under offer processing.
- When a change of distributor is made, all offers made by the earlier authorization holder will be annulled from the offer processing in the case that the offered products and the new authorization of distribution change are conflicting.
- In special occasions changes of distribution and delivery terms can be made with schedule which differs from the announced delivery schedule:
 - In cases of an acquisition, merger or asset deal. In these cases, retail price must remain the same.
 - A change or ending of a representation agreement (change of agency) for products in Alko's selection, no change to Alko's contract partner.
 - When a sale-to-order selection product produced by a microbrewery or a small producer can be transferred to the general selection on the basis of the sales monitoring. In this case, only the delivery term can be changed and the retail price must remain the same.

ANNEX 8 - CHANGES TO LISTED PRODUCTS

Valid for now, until the implementation of new product information practice is informed.

If the alcoholic strength of wines changes just 0.5 percentage units and the taxation limit does not change, there is no need to make a product change request or send samples.

A product change that requires a new offer

A new offer must be made of the product in the following cases:

1) A change in the excise duty

The product undergoes a change which alters the amount of excise duty on it, for example a change in the alcoholic strength of ethyl alcohol based drinks, i.e. wines (taxation threshold 8 %, 15 %), ciders (taxation threshold 5,5 %) and brewery products or a change in the package size.

2) A change in the recycling system registration within a price period

The deposit changes has to be approved by Alko and Palpa if a non-deposit package joins a recycling system or deposit-paying package departs from a recycling system.

If the product joins or departs from a recycling system outside the normal pricing schedule, the supplier must make an M201X offer for general selection products and a new offer for sale-to-order selection products. The product will get a new product number and the change may also require a new GTIN code for the product.

If the GTIN code is wanted to remain the same when deposit change is made, an agreement must be made with Palpa. A new GTIN code for a deposit-paying package must be registered to the Palpa's recycling system.

3) A change in price, distribution or delivery terms

More information in Retail prices section and Annex 7.

Making a new offer

In product changes that require a new offer, an annually changing search number must be used (2018=M2018, 2019=M2019 etc.). Before making an offer, possible change should be discussed with the respective product manager at Alko.

A product change that requires a product change request

In the case of a product change, a request must be made and, when necessary, samples must be delivered. If the product appearance changes, a new product image must also be sent.

A product change request must be made in the following cases:

1) Updating the label and the change of bottle closure

When the product appearance changes, a new product image must be attached to the product change request.

When making changes, the continuing recognizability of the product must be ensured. It is recommended that when dealing with significant changes to product appearance, intermediate stages are used to ensure that consumers continue to recognise the product. It is recommended that a change be made no earlier than six (6) months after the product's listing date.

For significant changes, the manufacturer must submit their reasons for the change along with an estimate of the change's effect on the product's existing consumer group. The recognizable elements with regards to the previous appearance must also be included in the reasons submitted.

It is recommended that not more than two (2) changes can be made in 12 months period. For different kinds of themed appearance changes (e.g. spring/summer and autumn/winter) the transition period should be well planned, with the goal being that differently packaged products would not be on sale at the same time.

2) Vintage and/or production plant change

Vintage and/or production plant changes are accepted if the quality of the product is on an acceptable level when evaluated by sensory means and analytically. If one (1) vintage or more is missing between a new and the old vintage, the product change request must be accompanied by the producer's explanation.

For specialties it is not allowed to make a vintage change.

3) A change in the recycling system registration according to normal pricing schedule

The deposit changes has to be approved by Alko and Palpa if a non-deposit package joins a recycling system or deposit-paying package departs from a recycling system.

If the joining or departing from a recycling system is made according to the normal pricing schedule: The product number remains the same; To ensure that the invoicing messages are processed correctly, Alko will close the orders for two (2) weekdays before the change becomes effective; The price changes are submitted as a predetermined Excel file with the deposit changes highlighted separately.

If the GTIN code is wanted to remain the same when deposit change is made, an agreement must be made with Palpa. A new GTIN code for a deposit-paying package must be registered to the Palpa's recycling system.

- 4) Use of temporary additional markings (e.g. medals, product reviews, marketing arguments, stickers etc.) on bottles/packages for sales promotional purposes.

Such additional markings are approved that refer to e.g. the product's performance in an official competition (e.g. a medal position), or the product's long history in the market.

The marking needs to have clear reference to e.g. special competition or the paper and time. The marking needs to include enough information for the reader to verify the statement with reasonable effort (e.g. internet page). Added markings should be kept reasonably small so the focus stays in the product.

By making the product change request well in advance, the seller will receive Alko's approval or rejection before the change is actually made/attached to the package.

In the case of product change requests for markings, only a product image is needed if the change is clearly visible on it. Physical samples are in this case not required.

The product image with temporary additional markings will not be updated for customer communication.

- 5) In addition to above mentioned product changes, more information can be found at alko.fi/forsuppliers:
- Alcohol content
 - GTIN-code
 - Permanent gift box
 - Transportation package changes

Making a product change request

- When requesting a change to a product, a product change form must be filled in, either in the Partner Network or using a form in the Word format, available at alko.fi/forsuppliers.
- A request for an intended product change must be made as soon as possible and always before sending the sample. The request must be made and samples must be sent minimum one (1) month before the validity of the intended change. Concerning the sale-to-order selection products that are moving to the general selection, the request for a product change must be made and samples must be delivered two (2) months before the validity of the intended change. Regarding the sale-to-order selection the image of the legally mandatory product package information shall be provided so markings can be verified.
- Only information that is to be changed must be filled in the "Details to be changed" field. More than one change can be recorded at the same time if the changes become effective on the same date.
- If changes need to be made to an already sent product change request, laatupalaute@alko.fi must be contacted.

Delivering samples

The completed and sent product change request must also accompany the samples that are to be delivered.

N.B.! The container recycling partner requires additional samples. The number of samples for the recycling partner are not taken into account in the instructions here.

General selection products

Amount of samples	Change
No samples	Transportation package changes A change in the recycling system registration according to normal pricing schedule Temporary additional markings The alcoholic strength of wines changes just 0.5 percentage units and the taxation limit does not change
1 sample	Product appearance (inc. changes in permanent gift box) Bottle closure GTIN-code
3 samples	Other changes

Sale-to-order selection products

Amount of samples	Change
3 samples	T1 products that are moving to the general selection
In other product changes of sale-to-order products, samples must be sent only if requested by Alko.	

The samples are delivered to the following address:

Alko Oy/Posti Group
Tikkurilantie 148
Portti 1, ovet D 18-21
01530 Vantaa, Finland

Delivering a product image when product appearance changes

A product image showing the new appearance must also be sent together with the product change request concerning both general selection and sale-to-order selection products. (For more detailed specifications for the image, see below.) If the product has a permanent gift box, a separate image of the gift box must also be sent.

If an image meeting Alko's specifications is not sent along with the product change request, Alko will charge the supplier for this (40.00 euros + VAT).

If a separate image of a permanent gift box is not enclosed to the product change request or alternatively the actual box has not been send together with the samples, the gift box can't be considered in the process by Alko.

The product image is sent together with the product change request via the Alko's Partner Network. If one does not have the Partner Network in use, the product image can be sent as an email attachment to: laatupalaute@alko.fi (general selection) or tilausvalikoima@alko.fi (sale-to-order selection).

By delivering a product image to Alko the seller approves that Alko can use, edit or possible assign the image for example to the media.

Format for Alko product images:

- File format: JPG (Good quality PDF or PNG file may also be acceptable)
- Colour model: RGB
- Image resolution: recommendation 300 pixels/inch
- Picture background: pure white (R255 G255 B255), no other shades of colour, no other elements added.
- There should be only 'clipped' product against white background in the final image.
- The product must be in the picture in its entirety.
- Photo taken directly from the front, not from an upward or downward angle.
- The label of the product needs to be sharp and visible in its entirety for the text in the label to be readable in the image.
- Principally the product image has to be same as the unit for sale. For example there cannot be any objects on neck of the bottle (neck hangers).

Image file size:

- Recommendation min. 300 Kb (0.3 MB) max. 3000 Kb (3 MB), (the size can vary according to the size of the product, for example a small bottle vs. a bag-in-box).
- Bottle + gift package image file size can be over 3000 Kb (3 MB).
- The product in the image must equate to the actual appearance and natural surface of the unit for sale (no extra enhancing elements or reflections added, such as drops etc.).

Product changes

Will come into effect, when technical solution for the new product change practice is built. Implementation of the new product change practice will be informed later.

A product change that requires a new offer

A new offer must be made of the product in the following cases:

1) A change in the excise duty

The product undergoes a change which alters the amount of excise duty on it, for example a change in the alcoholic strength of ethyl alcohol based drinks, i.e. wines (taxation threshold 8 %, 15 %), ciders (taxation threshold 5,5 %) and brewery products or a change in the package size.

2) A change in the recycling system registration within a price period

The deposit changes has to be approved by Alko and Palpa if a non-deposit package joins a recycling system or deposit-paying package departs from a recycling system.

If the product joins or departs from a recycling system outside the normal pricing schedule, the supplier must make an M201X offer for general selection products and a new offer for sale-to-order selection products. The product will get a new product number and the change may also require a new GTIN code for the product.

If the GTIN code is wanted to remain the same when deposit change is made, an agreement must be made with Palpa. A new GTIN code for a deposit-paying package must be registered to the Palpa's recycling system.

3) A change in price, distribution or delivery terms

More information in Retail prices section and Annex 7.

Making a new offer

In product changes that require a new offer, an annually changing search number must be used (2018=M2018, 2019=M2019 etc.). Before making an offer, possible change should be discussed with the respective product manager at Alko.

A product change that requires a product change request Product changes that require a change notification (before: A product change that requires a product change request)

Product information change process is mainly done electronically by using Alko's partner network. Change notification must be made for each product change and when necessary, samples must be sent, and a new product image provided when product's appearance is changing.

Example cases, when product information must be updated:

1) Updating the label and the change of bottle closure

When the product appearance changes, a new product image must be attached to the product change request.

When making changes, the continuing recognizability of the product must be ensured. It is recommended that when dealing with significant changes to product appearance, intermediate stages are used to ensure that consumers continue to recognise the product. It is recommended that a change be made no earlier than six (6) months after the product's listing date.

For significant changes, the manufacturer must submit their reasons for the change along with an estimate of the change's effect on the product's existing consumer group. The recognizable elements with regards to the previous appearance must also be included in the reasons submitted.

It is recommended that not more than two (2) changes can be made in 12 months period. For different kinds of themed appearance changes (e.g. spring/summer and autumn/winter) the transition period should be well planned, with the goal being that differently packaged products would not be on sale at the same time.

2) Vintage and/or production plant change

Vintage and/or production plant changes are accepted if the quality of the product is on an acceptable level when evaluated by sensory means and analytically. If one (1) vintage or more is missing between a new and the old vintage, the product change request must be accompanied by the producer's explanation.

For specialties it is not allowed to make a vintage change.

3) A change in the recycling system registration according to normal pricing schedule

The deposit changes have to be approved by Alko and Palpa if a non-deposit package joins a recycling system or deposit-paying package departs from a recycling system.

If the joining or departing from a recycling system is made according to the normal pricing schedule: The product number remains the same; To ensure that the invoicing messages are processed correctly, Alko will close the orders for two (2) weekdays before the change becomes effective; The price changes are submitted as a predetermined Excel file with the deposit changes highlighted separately.

If the GTIN code is wanted to remain the same when deposit change is made, an agreement must be made with Palpa. A new GTIN code for a deposit-paying package must be registered to the Palpa's recycling system.

4) Use of temporary additional markings (e.g. medals, product reviews, marketing arguments, stickers etc.) on bottles/packages for sales

promotional purposes.

Such additional markings are approved that refer to e.g. the product's performance in an official competition (e.g. a medal position), or the product's long history in the market.

The marking needs to have clear reference to e.g. special competition or the paper and time. The marking needs to include enough information for the reader to verify the statement with reasonable effort (e.g. internet page). Added markings should be kept reasonably small so the focus stays in the product.

By making the product change request well in advance, the seller will receive Alko's approval or rejection before the change is actually made/attached to the package.

The product image with temporary additional markings will not be updated for customer communication.

- 5) Product selection changes, e.g. transferring specialty product or seasonal product to the general selection or sale-to-order selection.
- 6) In addition to above mentioned product changes, more information can be found at alko.fi/forsuppliers:

Maintaining product information (Before: Making a product change request)

- Product information changes will be made in Partner network's product information card. If supplier is not using Alko's Partner network, changes will be made by using product change form (www.alko.fi).
- Product information change notification must be made without delay and the product must not be distributed before approval.
- Only information that is to be changed must be filled in the "Details to be changed" field. More than one change can be recorded at the same time if the changes become effective on the same date.
- Also, after product information change, supplier is responsible for the product's quality and correct package markings. Alko will test the product after the change is accepted and if necessary, takes appropriate action in case of anomalies.

Delivering samples

By default, product change samples must not be sent. Exceptions are products transferred from sale-to-order selection (3 samples) to general selection and products that need to be photographed by Alko (1 sample). In these cases, filled and printed product change form must be sent as a covering letter with the samples.

The samples are delivered to the following address:

Alko Oy/Posti Group
Tikkurilantie 148
Portti 1, ovet D 18-21
01530 Vantaa, Finland

Delivering a product image when product appearance changes

A product image showing the new appearance must also be sent together with the product change request concerning both general selection and sale-to-order selection products. (For more detailed specifications for the image, see below.) If the product has a permanent gift box, a separate image of the gift box must also be sent.

If an image meeting Alko's specifications is not sent along with the product change request, Alko will charge the supplier for this (40.00 euros + VAT). If a separate image of a permanent gift box is not enclosed to the product change request or alternatively the actual box has not been sent together with the samples, the gift box can't be considered in the process by Alko.

The product image is sent together with the product change request via the Alko's Partner Network. If one does not have the Partner Network in use, the product image can be sent as an email attachment to: laatupalaute@alko.fi (general selection) or tilausvalikoima@alko.fi (sale-to-order selection).

By delivering a product image to Alko the seller approves that Alko can use, edit or possibly assign the image for example to the media.

Format for Alko product images:

- File format: JPG (Good quality PDF or PNG file may also be acceptable)
- Colour model: RGB
- Image resolution: recommendation 300 pixels/inch
- Picture background: pure white (R255 G255 B255), no other shades of colour, no other elements added.
- There should be only 'clipped' product against white background in the final image.
- The product must be in the picture in its entirety.
- Photo taken directly from the front, not from an upward or downward angle.
- The label of the product needs to be sharp and visible in its entirety for the text in the label to be readable in the image.
- Principally the product image has to be same as the unit for sale. For example there cannot be any objects on neck of the bottle (neck hangers).

Image file size:

- Recommendation min. 300 Kb (0.3 MB) max. 3000 Kb (3 MB), (the size can vary according to the size of the product, for example a small bottle vs. a bag-in-box).
- Bottle + gift package image file size can be over 3000 Kb (3 MB).
- The product in the image must equate to the actual appearance and natural surface of the unit for sale (no extra enhancing elements or reflections added, such as drops etc.).

ANNEX 9 - DOLLY PALLETS

All below instructions and requirements concern also minidollies.

When supplied on dolly pallets, the minimum bottle size for products other than brewery products is 50 cl. The maximum height of a dolly pallet is 138 cm. The design of a dolly pallet (spacers, base) must be neutral and it may not contain any advertising. The edges of spacers (cardboard, plastic) must be coloured in accordance with the colour world of Alko shops.

All-year products in the dolly pallets

Product sales are reviewed four (4) times a year according to the below timetable. The review uses the sales data from the last 12 complete months. The required quantity for a product to be supplied on a dolly pallet is 200,000 sales units during a running 12-month period and for bag-in-boxes 200,000 litres during a running 12-month period. These figures exclude sales to companies and communities*. Suppliers are notified of products which exceed the requirement and of products that have fallen below the requirement. Products supplied on a dolly pallet, which have fallen short of the requirement, cannot be re-offered on a dolly pallet until at least one (1) year has elapsed from the termination of the previous sale.

	Dolly calendar	Notification to suppliers	Offer deadline	Shop deliveries
All-year products	1st review	week 1-2	week 7	starting week 13
	2nd review	week 14-15	week 20	starting week 27
	3rd review	week 27-28	week 33	starting week 40
	4th review	week 40-41	week 46	starting week 1

* Sales to companies and communities means sales to such companies and communities that are registered as Alko's corporate clients. The amount of a product's sales to companies and communities is shown in the sales reports provided by Alko to the subscribers of these reports.

Seasonal dolly pallets for the main products in the general selection

The following guidelines are for the dolly pallets of the main products in the general selection which can be delivered to shops during a limited and specified time of the year.

Sparkling wine (bottle size 0.75 litres) can be seasonally in supplier-packed dolly pallets without a sales limit

- 1) for summer season, weeks 14 – 30 and
- 2) for Christmas season, weeks 45 – 52

Red wine (bottle size 0.75 litres) can be seasonally in supplier-packed dolly pallets without a sales limit

- 1) for the last two weeks before Easter and
- 2) for Christmas season, weeks 45 – 51

White wine (bottle size 0.75 litres) can be seasonally in supplier-packed dolly pallets without a sales limit

- 1) for Christmas season, weeks 45 – 51

	Dolly calendar	Offer/notification deadline	Shop deliveries
Seasonal dollies	Red wine (Easter)	week 1	weeks 15-16 / 2019
	Sparkling wine (Spring)	week 7	weeks 14-30
	Red wine (Christmas)	week 33	weeks 45-51
	White wine (Christmas)	week 33	weeks 45-51
	Sparkling wine (Christmas)	week 33	weeks 45-52

The supplier always needs to offer to deliver the product also in cases in addition to the dolly pallet. The shop can decide which delivery mode of the product they are using.

Dolly pallets for the seasonal products

All seasonal products which have been selected to Alko's selection via seasonal product search can also be delivered on a supplier-packed dolly pallet. These products are e.g. for the summer season, mulled wine and other Christmas season products.

If the seasonal product is transferred into a main product of Alko's general selection after the season, the possibility to deliver the product on a dolly pallet doesn't continue automatically. In this case the product is treated with the same sales requirements for permanent dolly pallets as other main products of the general selection and with the guidelines for seasonal dolly pallets.

The supplier always needs to offer to deliver the product also in cases in addition to the dolly pallet. The shop can decide which delivery mode of the product they are using.

ANNEX 10 - ALKO'S PRICING COEFFICIENTS

Pricing group	Product group in Alko statistics	Pricing coefficient
1	Vodka and spirits ≥15% (Unflavoured vodka, Flavoured vodka, Unflavoured spirits, Flavoured spirits, Gin and geneva, Aquavit, Aniseed spirits)	1.56
2	Other strong beverages ≥15% (Cognac VS, Cognac VSOP, Cognac XO and other cognacs, Other wine brandies, Scotch blended whisky, Scotch malt whisky, Irish whiskey, Canadean whisky, American whiskey, other whiskies, White rum, Dark rum, Tequila, Calvados and other fruit brandies, Berry liqueurs, Fruit liqueurs, Spice liqueurs, Coffee liqueurs, Herbal liqueurs, Salmiac liqueurs, Cream and other liqueurs, Bitter)	1.50
3	Fortified wines (Vermouth, Port wine, Madeira, Sherry, Strong (fortified) mulled wine, Other fortified wines)	1.54
3	Red wine	1.54
3	White wine	1.54
3	Rosé wine	1.54
3	Sparkling wine (Sparkling wine, Champagne)	1.54
3	Other wine (Fruit wine, Aromatized wine, Mulled wine)	1.54
3	Cider	1.54
4	Long drink – ethyl alcohol based, over 4.7% but under 15% – fermented products over 4.7% – mixtures of added ethyl alcohol and alcohol produced by fermentation, classified as wine in taxation, over 4.7% but under 8.5%	1.81
5	Beer	1.67

ANNEX 11 - ALCOHOLIC BEVERAGE TAX AND TAX ON RETAIL CONTAINERS

We will inform about any possible changes at alko.fi/forsuppliers.

Tax category	Alcohol content, per cent by volume	Tax amount
Beer*	over 0.5 – maximum 2.8	8.80 cents/centilitre of ethyl alcohol
	over 2.8	35.55 cents/centilitre of ethyl alcohol
Wine and other fermented alcoholic beverages	over 1.2 – maximum 2.8	24.00 cents/litre of alcoholic beverage
	over 2.8 – maximum 5.5	187.00 cents/litre of alcoholic beverage
	over 5.5 – maximum 8.0	268.00 cents/litre of alcoholic beverage
	over 8.0 – maximum 15.0	383.00 cents/litre of alcoholic beverage
Wine	over 15.0 – maximum 18.0	383.00 cents/litre of alcoholic beverage
Intermediate products	over 1.2 – maximum 15.0	464.00 cents/litre of alcoholic beverage
	over 15.0 – maximum 22.0	718.00 cents/litre of alcoholic beverage
Ethyl alcohol: – products defined under customs tariff item 2208 – other beverages	over 1.2 – maximum 2.8	8.80 cents/centilitre of ethyl alcohol
	over 2.8	47.85 cents/centilitre of ethyl alcohol
		47.85 cents/centilitre of ethyl alcohol

* If a taxpayer presents a reliable clarification of the fact that the beer has been produced by a brewery that is juridically and financially independent from other companies in the same line of business and whose production during a calendar year does not exceed 15,000,000 litres, the alcoholic beverage tax levied on beer is lowered as follows:

- 1 by 50 per cent for up to 200,000-litre quantity of beer produced by the company within a calendar year
- 2 by 30 per cent, for over 200,000 but maximum 3,000,000-litre quantity of beer produced by the company within a calendar year
- 3 by 20 per cent for over 3,000,000 but maximum 5,500,000-litre quantity of beer produced by the company within a calendar year
- 4 by 10 per cent for over 5,500,000 but maximum 10,000,000-litre quantity of beer produced by the company within a calendar year.

Notice of the production volume must be sent to Alko each year by the the end of February. If it is not delivered to Alko in time, a possible concession earlier will not be taken into account in the pricing of the products. For new products, production volume must be indicated on the offer and the microbrewery certificate must be attached to the offer. A microbrewery is responsible for notifying Alko immediately if the amount of beer produced within a calendar year exceeds 10,000,000 litres.

Excise tax of retail containers

The taxes for different container types are:

- 1 If the beverage container is disposable and does not belong to any deposit-based recycling system in operation and approved in Finland, a tax of 51 cents per litre must be paid.
- 2 If the beverage container belongs to a deposit-based collection system approved in Finland or if it is made of liquid-packaging board or if its volume is over five (5) litres, the tax is 0 cent per litre.

No tax is levied on beverage containers produced by a company that is juridically and financially independent from other companies in the same line of business and whose production does not exceed 50,000 litres during a calendar year. The company must send Alko a clarification approved by the customs to certify the production volume. This clarification must be sent each year by the end of February. Clarifications approved by the customs are: producer's own notification or a certificate issued by the customs, tax authorities or chamber of commerce in the producing country. If a clarification is not delivered to Alko in time, a possible concession earlier will not be taken into account in the pricing of the products.

ANNEX 12 - CALCULATION OF THE LOWER PRICING COEFFICIENT

When the back-door price without tax exceeds a certain euro amount, retail price calculation applies coefficients that are lower than normal coefficients.

Pricing group 1: Vodka and spirits ≥ 15% (See [Annex 10](#))

The group includes the Alko statistics product group "Vodka and spirits", see Annex 10.

If the back-door price of a product, calculated per litre, exceeds 19.50 euros, lower coefficients than those given in Annex 10 are used to calculate the retail price. The new, lower coefficient is calculated using the following formula:

$$\text{New coefficient} = 1.56 - 0.56 \times [(BDP/\text{bottle size} - 19.50)/(\text{BDP}/\text{bottle size})] \times 0.40$$

where

- BDP = back-door price without tax*
- 1.56 = the normal pricing coefficient for pricing group 1
- 0.56 = the normal pricing coefficient for pricing group 1 minus one
- bottle size = the size of the product's sales unit in litres.

The new coefficient is rounded to three decimals.

Pricing group 2: Other spirits ≥ 15% (See [Annex 10](#))

If the back-door price of a product, calculated per litre, exceeds 19.50 euros, lower coefficients than those given in Annex 10 are used to calculate the retail price. The new, lower coefficient is calculated using the following formula:

$$\text{New coefficient} = 1.50 - 0.50 \times [(BDP/\text{bottle size} - 19.50)/(\text{BDP}/\text{bottle size})] \times 0.40$$

where

- BDP = back-door price without tax*
- 1.50 = the normal pricing coefficient for pricing group 2
- 0.50 = the normal pricing coefficient for pricing group 2 minus one
- bottle size = the size of the product's sales unit in litres.

The new coefficient is rounded to three decimals.

Pricing group 3: Red wine, white wine, rosé wine, sparkling wine, other wine, fortified wine and cider (See [Annex 10](#))

If the back-door price exceeds 19.50 euros a coefficient lower than the coefficients in Annex 10 is used to calculate the retail price. The new coefficient is calculated by using the following formula:

New coefficient =
 $1.54 - 0.54 \times [(BDP/\text{bottle size} - 19.50)/(BDP/\text{bottle size})] \times 0.40$

where

- BDP = back-door price without tax*
- 1.54 = the normal pricing coefficient for pricing group 3
- 0.54 = the normal pricing coefficient for pricing group 3 minus one
- bottle size = the size of the product's sales unit in litres

The new coefficient is rounded to three decimals.

Pricing group 4: Long drink beverages (See [Annex 10](#))

If the back-door price exceeds 19.50 euros a coefficient lower than the coefficients in Annex 10 is used to calculate the retail price. The new coefficient is calculated by using the following formula:

New coefficient =
 $1.81 - 0.81 \times [(BDP/\text{bottle size} - 19.50)/(BDP/\text{bottle size})] \times 0.40$

where

- BDP = back-door price without tax*
- 1.81 = the normal pricing coefficient for long drinks
- 0.81 = the normal pricing coefficient for long drinks minus one
- bottle size = the size of the product's sales unit in litres

The new coefficient is rounded to three decimals.

Pricing group 5: Beer (See [Annex 10](#))

If the back-door price exceeds 19.50 euros a coefficient lower than the coefficients in Annex 10 is used to calculate the retail price. The new coefficient is calculated by using the following formula:

New coefficient =
 $1.67 - 0.67 \times [(BDP/\text{bottle size} - 19.50)/(BDP/\text{bottle size})] \times 0.40$

where

- BDP = back-door price without tax*
- 1.67 = the normal pricing coefficient for beer
- 0.67 = the normal pricing coefficient for beer minus one.
- bottle size = the size of the product's sales unit in litres

The new coefficient is rounded to three decimals.

**BDP (Back-door price without tax) is defined on [Calculating the retail price](#) page.*

ANNEX 14 - CONTACT INFORMATION

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National Supervisory Authority for Welfare and Health (Valvira)		
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