

HEARING

Retail sale of alcoholic beverages in Finland

Special position

Sentence shall be deleted: This Listing procedure and retail sale of alcoholic beverages material concerns the monopoly products.

Assortment management

Assortment allocation

Added: In addition to product-specific sales also the given purchase prices from a seller affect the allocation of an alcoholic beverage with maximum 5.5%. The possible impact of price changes given by suppliers to sales is evaluated, and products' shop coverage is determined based on this analysis.

Text is clarified: The cyclic monitoring is always done at the end of a price list period, and the results will be published to suppliers. However, the results of the cyclic monitoring will not come into effect until the following price list period, i.e. four months from the notification. An exception to the schedule are the alcoholic beverages with maximum 5.5% whose shop coverage is published after the suppliers have given purchase prices for the same price list period. The deadline for notifying price changes is approximately two months before the price list period.

Planning of selection

Main products of the general selection

Added: Changes in products' purchase prices can also have an effect on allocation of the products with maximum 5.5% alcohol.

Added: The guarantee coverage time can be shorter for products with maximum 5.5% alcohol, but this will be always announced separately in the tender.

Seasonal selection products

Text is clarified: When listing a seasonal product, an agreement is also made concerning its delisting and related actions.

Specialties

Text is clarified: 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.

Product searches and offering procedure

Text is clarified: Importers, other suppliers, producers, manufacturers of alcoholic beverages as well as authorized representatives are entitled to submit offers to Alko's tenders. The offeror needs to have valid permits required for the respective activities.



Added: For wines specifically, the stock of Alko shops can be transferred to the new product number only when the product's vintage remains the same. In case the vintage is different, and the product has stock in Alko shops, the inventories need to be sold out before the new product is listed. Alternatively, the supplier needs to buy the remaining products back or ask for a disposal of the products. Alko will charge for the costs according to the list of supplier charges published at alko.fi/forsuppliers.

Participation in product searches ***Giving price information on the offer***

Text is clarified: A product with alcohol content of over 5.5% 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. A product with alcohol content of maximum 5.5% must be provided with both Alko's retail price and the corresponding Alko's back-door price of Alko shops. If the prices are in conflict with each other, the back-door price is binding the supplier.

Text is clarified: When offering a multi-pack, the purchase price of the multi-pack needs to be a direct multiple of the purchase price of the single bottle or can. The retail price of the multi-pack is set as a multiple of the single bottle's or can's retail price.

Selecting and listing the products

Evaluation of the products offered

Text is clarified: When evaluating the price, the retail price stated in the offer is being used for the products with over 5.5% alcohol. For the products with maximum 5.5% alcohol, the evaluation is made according a tentative retail price that is based on the back-door price stated in the offer.

Listing

Schedule is clarified: The purchase of the product takes place 1 – 3 months after the ending of the search period. The listing of the product generally takes place after 2 – 4 months from the purchase of the product. Overall, the process from the ending of the search period to the listing of the product chosen takes approximately 3 – 7 months.

Sale-to-order selection

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

Participation in product searches

Sentence shall be deleted: The stock of Alko shops can be transferred to the new product number, if EAN-code remains the same.

Added: For wines specifically, the stock of Alko shops can be transferred to the new product number only when the product's vintage remains the same. In case the vintage is different, and the product has stock in Alko shops, the inventories need to be sold out before the new product is listed. Alternatively, the supplier needs to buy the remaining products back or ask for a disposal of the products. Alko will charge for the costs according to the list of supplier charges published at alko.fi/forsuppliers.

Trading conditions

Conditions for responsible purchasing

Added: Alko will publish the information regarding planned audits and places on alko.fi/forsuppliers webpages: the name of the place under audit, planned time for auditing and used audit method (industrial/primary production). The information will be published on webpages at least one month before the planned audit.

Changes to listed products

Changes to price and to mode of delivery

Text is clarified and added: Products' 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. For products with over 5.5% alcohol sellers have a possibility to use Alko's price calculator, which is a tool for calculating a retail price when a purchase price and possible other pricing factors are changing. For products with maximum 5.5% alcohol Alko will dictate the retail price and the seller can only change the purchase price. The price list periods and the dates of notifications are the same for both groups.

Price list periods updated:

Price list period	Change to be notified by
4 February 2020 to 1 June 2020	1 December 2019
2 June 2020 to 5 October 2020	1 April 2020
6 October 2020 to 2 February 2021	1 August 2020

Added: The purchase price of the product with maximum 5.5% alcohol can be changed earlier if the guarantee coverage time defined in the tender is shorter than the usual 10-14 months. This is always announced separately in the tender.

Text is clarified: When products' 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 three times a year and the possible changes are notified by a month before the last day of price notifications at alko.fi/forsuppliers.

Text is clarified: If the seller wants the retail price of a product with over 5.5% alcohol or the back-door price of a product with maximum 5.5% alcohol to remain unchanged even when import costs or volume classes change, the seller must alter the purchase price accordingly.

Text is clarified: If only the purchase 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 for a product with over 5.5% alcohol. 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.

Text is clarified: When informing a price for a multi-pack notice that a purchase price for a multi-pack needs to be a direct multiple of the purchase price of the single bottle or can.

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

Allocation terms are removed from the section: 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.

Retail prices

Added: The pricing model is public for products with over 5.5% alcohol. The pricing model is not public for products with maximum 5.5% alcohol.

Calculating the retail price

Text is clarified: The retail price for the products with over 5.5% alcohol or the back-door price (BDP) for the products with maximum 5.5% alcohol can be calculated with a price calculator available in Partner Network or at alko.fi/forsuppliers.

Pricing coefficients for products with over 5.5% alcohol (updated header)

Added: It is noteworthy that Alko's sales margin is not public for products with maximum 5.5% alcohol.

ANNEX 2 - ALKO'S TERMS OF PURCHASE AND DELIVERY

Added: Information of the Seller

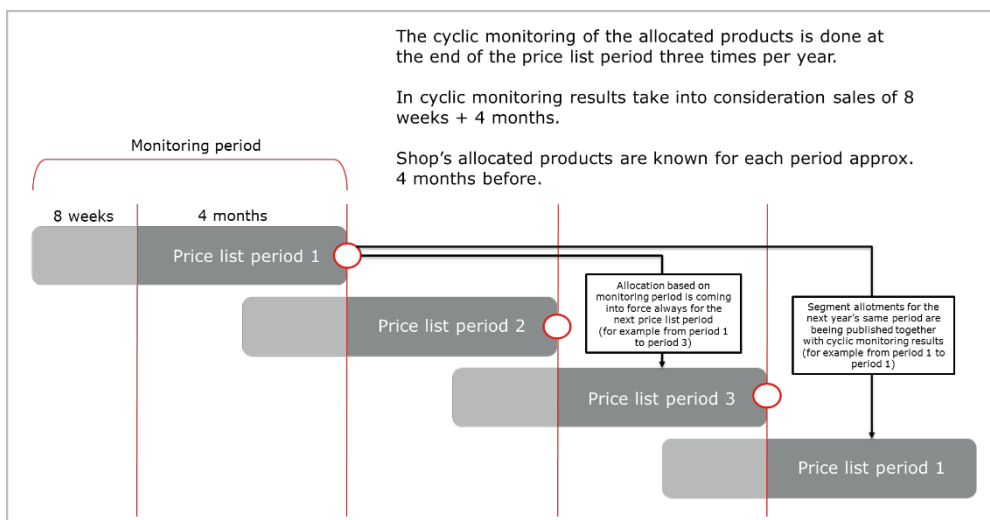
If the Seller has not before delivered products to Alko, it is the Seller's responsibility before the first product's listing to send the information to Alko to ensure seamless billing. The needed information of the Seller is:

- Name of the company
- Address
- VAT-number (required by the billing system)
- Bank's name and address
- Bank account IBAN
- SWIFT

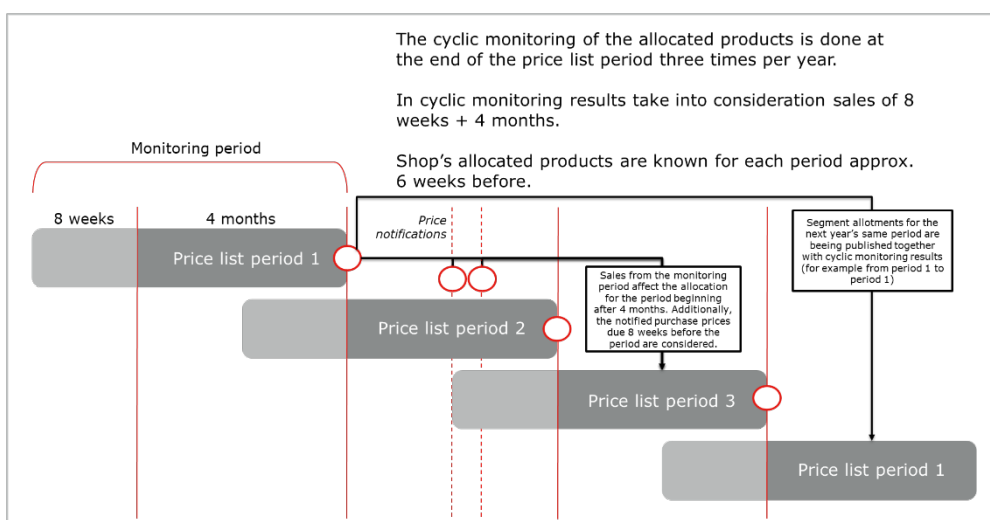
ANNEX 3 – SELECTION PROFILES AND MONITORING PERIODS IN ASSORTMENT MANAGEMENT AS WELL AS THE FORMULA FOR CALCULATING THE TURNOVER USED IN SALES MONITORING

Added: The shop coverage for products is always bound to the shops' sizes and sales profiles. Changes in shops' sizes and profiles can cause small deviations to communicated shop coverages before and during the price list period.

Added: The assortment calculation monitoring periods for products with more than 5,5% alcohol are depicted in the picture below. For these products the shop coverages are confirmed always during the first weeks of the previous price list period, i.e. approximately 4 months beforehand.



Added: The assortment calculation monitoring periods for products with more max 5,5% alcohol are depicted in the picture below. For these products the shop coverages are confirmed always after the price notification deadline for the respective period, i.e. approximately 6 weeks beforehand.



ANNEX 4 - FILLING IN AN OFFER FORM; AUTHORIZATIONS

Information on price, amount, packaging and delivery

Text is clarified: Both Alko's retail price and the corresponding purchase price to Alko, based on delivery terms, must be indicated for a product with over 5.5% alcohol. The retail price must be given in euro/sales unit.

Added: Both Alko's back-door price and the corresponding purchase price to Alko, based on delivery terms, must be indicated for a product with maximum 5.5% alcohol. The price must be given in euro/sales unit.

ANNEX 7 - CHANGES OF DISTRIBUTION AND DELIVERY TERMS

Text is clarified: 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 of a product with over 5.5% alcohol or the back-door price for a product with maximum 5.5% alcohol must remain the same.