

PURCHASE PLAN AND INSTRUCTIONS FOR LISTING LARGER SPECIALTIES

Alko is listing a selection of specialties monthly. The specialties are enriching Alko's product selection and are top class products especially for the enthusiasts who are interested in drinks and combining food and drinks.

The monthly listed specialties consist of two different entireties: larger specialties and smaller specialties. The larger specialties have a wider demand and availability. The smaller specialties are top class products especially for the enthusiasts. As a general principle, products are available to customers starting always on a specific day of the month. The tenders for the specialties are published on Alko's webpage at alko.fi/forsuppliers three times per year or with separate tenders.

Alko publishes tenders for larger specialties three times per year, approximately 5-6 months before the start of sales of the special editions period. Special editions tender periods in 2019 are January-April, May-August and September-December. If needed, tenders can be published outside of this schedule.

The schedule for the special editions tender period from May to August 2019 is:

- Tenders are published in November 2018.
- Offers should arrive in Alko by 14 December 2018.
- By 28 December 2018 samples must reach Alko.
- Products are evaluated between 7-18 January 2019.

Sale of products begins normally on the first Thursday of the month. Delivery starting date to the shops is Monday one week before the sale of the product begins. For example, in May 2019 sales begin on Thursday 2 May 2019 and the listing date is on Monday 22 April 2019. The offers must be valid till the end of the month when the sale has begun.

The larger specialties are in the selection and ordered by Alko shops for a four-month period from the date of listing (specialty period). It is important that the supplier ensures sufficient availability for the entire period.

A product specific demand estimation is announced in the tender for the four month specialty period. When the product is purchased, Alko will review the estimated demand and state the estimated initial channel fill quantity. The initial channel fill quantity means the estimated demand during the first month, which will be ordered either in one or several delivery batches. During the specialty period Alko shops are replenishing the products according to sales. The products are centrally allocated to the premium and specialist stores. For local stores the products are optional.



Ensuring the product's availability and continuing in Alko's selection

Up to date availability information for the products is in critical role when building the customer experience. To ensure the product availability the supplier is asked to inform Alko if the product is estimated to deplete from the warehouse before the specialty period is over. The supplier should inform Alko (mok@alko.fi) well in time, at least 1 month before the product is estimated to be fully depleted from the supplier's warehouse. Also, the supplier or the distribution warehouse needs to update the product's availability information (so-called LOTU information) reliably and on real time.

If the supplier has the specialty product in the warehouse after the specialty period, the product can transfer to the sale-to-order selection or to a non-allocated main product of the general selection according to the conditions in Alko's listing instructions.

Tender requests and offering procedure

Participation in tender requests

The tenders for the specialties are published on Alko's webpage and on Partner Network. The search numbers of the tenders follow a logic:

SW = Specialty Wines
SB = Specialty Brewery Products
SS = Specialty Spirits
SF = Specialty Fortified

When offering a specialty product the analysis values of the product need to be informed and measured according to each product group's specifications. The analysis certificate needs to be attached to the offer form. More information is available in the Listing instructions, Annex 6.

If the analysis certificate is not available, the analysis of the product is made in Alko with offeror's expense. The product is analyzed if it passes the sensory evaluation and proceeds in the listing process. The price list of analysis expenses in ACL is on webpages at <https://www.alko.fi/en/alko-inc/for-suppliers/prices/supplier-charges>

The product's availability needs to be announced always in the specialty offer. Alko can choose not to buy a product if the announced availability is smaller than the estimated demand in the 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.

Delivery starting samples

Delivery starting samples for specialties are not required from suppliers. Quality control will check delivery samples on the first products delivered to the stores before sales begin. Product quality, label marks and also that the products have been delivered to the stores on time are verified.

Product images

Alko will take photo images of the samples of the selected products.

Selecting and listing products

The purchase decision of the specialty product takes place 1 – 2 months after the end of the search period. The listing of the product generally takes place after 3 – 6 months from the purchase decision of the product. The specialty products are generally listed once per month.

Product marketing information to support Alko's personnel in customer service

The marketing information for the products can be entered in the Partner Network. The additional information should be supportive in customer service situations. This is important for the specialties, which are introduced for customers by specialty themes. The target customers for the specialties are usually beverage enthusiasts.

Delaying from delivery starting 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.

Cancelling the listing

The listing is cancelled if the product is not available for deliveries to Alko shops within three months from the listing date. In this case 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.

More information**Tender cluster**

Tenders have been grouped into customer oriented clusters. The clusters are based on the estimated customer need and the attractiveness of the entirety. The number of products requested per cluster varies. The names of the clusters help the suppliers to understand what kind of customer-based need the cluster is serving.

Estimated demand

The estimated demand in the tender is suggestive. It tells the estimated demand in liters for the 4 month specialty period for the product, and is based on information available at the time of making the purchase plan.

Country of origin

Country, in which the alcoholic beverage is mainly manufactured or produced, is regarded as the country of origin.

Country of origin for the brand/recipe

In brewery products and in spirits the country of origin means the country or region from which the product brand/recipe originates, or which the product is typically known for. If the country of manufacture is other than the country of origin of the brand/recipe, the country of manufacture must be indicated on the offer under additional information. The production plant in the country of manufacture must be indicated in the field reserved for that information.

Country of manufacture

The country in which the product has been manufactured. In this connection minor handling/processing of alcoholic beverage, such as bottling, filtering, inserting additives or diluting are not regarded as manufacture, as they do essentially change the quality of the beverage. Neither is blending of two liquids regarded as manufacture.

Protected designations of origin in Europe

EU regulation from 2009 concerns all wine producing member states. Alko is aware that there are new and old designations during the transition period. Even if both alternatives were not mentioned in our search texts, we accept either of them when they mean the same classification. In unclear cases the offeror should contact the product manager in charge.

Sustainable development and ethical trade

Environmental and ethical issues are important. Finnish consumers' positive attitude towards products supporting sustainable development, such as organic products and Ethical trade products, has grown. Alko wishes to increase the number of such products in the selection. The products that we now consider as ethical trade products are those having Fair Trade, Fair for Life or For Life certificate.

Product characteristics supporting sustainable development must be explained on the offer under additional information, and official certificates and/or testimonies must be sent, if requested by Alko.

Alko supports the environmentally-friendly aspect and therefore encourages the products to be added to the recycling system. Weight of the product package is an essential part of the product's environmental load, and Alko is willing to encourage suppliers to use light-weight packages.