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## **1.0 INTRODUCTION**

The purpose of this document is to outline the policies and procedures surrounding Category Management including policies on product listings, product delistings and product samples.

NLC's Category Management team are outlined below:

**Peter Murphy**

Chief Merchandising Officer

**Blair Boland**

Director – Merchandising and Emerging Markets

**Vicki Young**

Category Manager – Wines

**Tammy Brenton**

Category Manager – Spirits, Beer, Ready-to-Drink

**Allison Horlick**

Assistant Manager Specialty Wines

**Janet Ryan**

Category Coordinator – Spirits, Beer & Ready-to-Drink

**Janine Mugford**

Category Coordinator – Wines

**Nicole Gibbons**

Category Coordinator – Promotions

**Debbie Parrott**

Sku Maintenance Administrator

**Courtney Perry**

Administrative Assistant to Director – Merchandising and Emerging Markets

## **2.0 PRODUCT LISTINGS & DELISTINGS**

NLC Category Management will review product categories based on a Category Review Schedule which will be generated on a yearly basis. The Newfoundland Labrador Liquor Corporation will accept applications for new products in accordance with the Category Review process.

### **2.1 CATEGORY REVIEW SCHEDULE**

The Category Review Schedules can be found online at the following link:

<http://www.nlliquor.com/corporate/doing-business/suppliers-trade>

### **2.2 CATEGORY REVIEW PROCESS**

<b>Step 1 Category Call Out</b>	<b>Step 2 Pre-Submission</b>	<b>Step 3 Initial Decision</b>	<b>Step 4 Review of Samples</b>	<b>Step 5 Final Listing and Delisting Decisions</b>
Category to review the category and notify Agents criteria that they are looking for in the new listings	Agents are required to submit: <ul style="list-style-type: none"><li>- Pre-submission application</li><li>- Product/Label image</li></ul>	Category Management will review the submissions and notify Agents of any products for which they wish to review samples	Product samples are reviewed by the Category Management and Product Knowledge teams	Category Management to make final decisions on listings and delistings. Product Listing Applications will be requested for new listings.

#### **Category Call Out**

- Category Manager will email National and Local Agents to notify them that a Call for Order is open and detail any specific criteria they are looking for in the products being applied for.

#### **Pre-Submission**

- Agents are required to submit:
  - Pre-Submission Application Includes:
    - Product Name
    - Product Size
    - Product Cost and List Retail Price
    - Projected Case Sales Year 1
    - Promotional budget
    - Note if product is an exchange
    - Supplier must list products in order of priority/importance
    - Product/label image
    - Any other criteria requested in the specific category call form

***Agents/Suppliers are expected to schedule a call or meeting with applicable Category Manager to occur on or before the deadline to submit Pre-Submission Applications.***

*Pre-Submission applications that do not include all of the requested information will be automatically rejected.*

#### **Initial Decision**

- Category Manager will notify Agents of any products for which they wish to review product samples (see section 3.1 Evaluation Samples, for process details)

#### **Review of Samples**

- Category analysis will be based on (but not limited to) the following criteria:
  - Pre-Submission Application
  - Pre-Submission meeting
  - Category trends in NL and other markets
  - Consumer demands
  - Packaging appeal
  - Product taste
  - Business plan
  - Product price

At this stage, members of the Category Management and Product Knowledge teams are involved in analyzing the products.

#### **Final Listing & Delisting Decisions**

- Decisions on new listings from the call will be communicated to Suppliers/Agents
- Delistings from the call will be communicated to Suppliers/Agents. Please see section below “Delisting Process” for more information on delistings.

*Any applications or samples that are late for the specified deadlines may be automatically rejected.*

## **GENERAL LISTINGS**

A general listing is a listing given to a product, typically through the call for order process. General Listings will be ordered on a regular basis as supply is required and will have a place in the applicable planogram/shelf set.

## **ONE TIME ORDERS**

One Time Order listings can be given to products that are only available for a limited time, on a seasonal basis, specialty allocated products or to test a product in the market before bringing it in on a regular basis.

### **One Time Order Supplier Agreement**

One Time Orders will be ordered once Category Management receives a signed copy of the NLC OTO Form (see Appendix A) which includes confirmation of:

- Order Quantity
- Sell Through Time Frame
- Assume responsibility for bill back minimum of 25% of FOB for inventory remaining after sell through time frame

### **One Time Order Bill Back**

Supplier will be billed back a minimum 25% of FOB based on inventory remaining after the agreed sell through frame and the product will be marked down to sell through.

## **2.3 AD HOC LISTINGS**

Ad Hoc listings include products that don't fall within the timelines of the applicable Category Call. Suppliers must first submit a Pre-Submission package for Category Manager to consider. If Category agrees to review the product Supplier must provide:

### **Pre-Submission**

- Agents are required to submit:
  - Pre-Submission Application
    - Includes:
      - Product Name
      - Product Size
      - Product Cost and List Retail Price
      - Projected Case Sales Year 1
      - Promotional budget
      - Note if product is an exchange
      - Supplier must list products in order of priority/importance
      - Product/label image
      - Any other criteria requested in the specific category call form

***Agents/Suppliers are expected to schedule a call or meeting with applicable Category Manager to discuss Ad Hoc Pre-Submission.***

*Pre-Submission applications that do not include all of the requested information will be automatically rejected.*

### **Initial Decision**

- Category Manager will notify Agents if they wish to review product samples.

### **Review of Applications & Samples**

- Category analysis will be based on (but not limited to) the following criteria:
  - Pre-Submission Application
  - Pre-Submission meeting
  - Category trends in NL and other markets
  - Consumer demands
  - Packaging appeal
  - Product taste
  - Business plan
  - Product price
  - Promotional Budget
  - Agent and Supplier Sales and Inventory Performance

At this stage, members of the Category Management and Product Knowledge teams may be involved in analyzing the products.

### **Final Listing Decisions**

- Decisions on new listings will be communicated to Suppliers/Agents

## **2.4 EVENT LISTINGS**

Throughout the fiscal year the NLC may be conducting events in order to highlight various categories for its customers. Category managers review Event Listings based on a scheduled deadline for listing submissions.

### **Event Listing Criteria**

Category Manager reviews the market share of sales by Agent/Supplier to determine the number of Event Listings to be granted. The deadline for Event Listing Submissions is communicated to the Agent/Supplier in advance of the category call as outlined in the Category Call Schedule; notifying them of the number of Listings they will be granted. Agents are asked to submit applications and prioritize them to assist in the decision making process.

### **Event Listing Order Quantity**

Category Management will advise Agents/Suppliers of the listing decisions and work with the Agent to determine order quantities for the event.

### **Event Listing Remaining Inventory**

Any inventory remaining 90 days after the event will be subject to a minimum bill back of 25% off FOB to reduce the price of the product unless otherwise agreed upon in writing between Supplier/Agent and Category Manager.

### **Beer Expo**

Any General Listings awarded in the Category review will be expected to participate in Beer Expo. We accept Beer One-Time-Order for Spring and Summer as part of the Beer, Cider and Ready-to-Drink Category review in preparation for Beer Expo as well.

## **2.5 DELISTINGS**

The delisting process is typically completed in conjunction with the Category Review Schedule. NLC reserves the right to delist products at any time and will notify the Local Agent of the delist of any general list products.

### **Delisting Criteria**

Delisting Decisions are rendered based (but not limited to) the following:

- Product performance
- Category strategy
- Shelf Management requirements
- Category/pricing trends
- Brand Family performance
- Shelf Life issues
- Supply issues

**Delisted Product Bill Backs/Mark Downs**

Any general list product delisted will be marked down at the supplier's expense. The mark down will be a minimum 25% of FOB. The new retail will be based on this mark down. Bill backs/mark downs will be done 30 days after delist date for domestic products (North America) and 90 days after delist date for import products (outside North America).

Various circumstances fall outside of the normal category review when considering delistings; this may require a product to be delisted at the discretion of the Category Manager. These include case pack changes, supplier delists, special allocations, one time orders, product recalls, etc. As well, a product may be delisted if it does not meet the commitment agreed upon at the time of listing. Category will notify Agents/Suppliers of any delists as they occur.

**2.6 AUTHORIZATION REQUIREMENTS****Listings:**

- Final Category Review Schedule and listings decisions require authorization and sign off from Category Manager, Director of Merchandising and Emerging Markets, and the Chief Merchandising Officer.
- All Ad Hoc and One-time-Orders require the authorization from Category Manager, Director of Merchandising and Emerging Markets and Chief Merchandising Officer.

**Delistings:**

- Final delisting decisions from the Category Review Schedule require further signoff from Category Manager, Director of Merchandising and Emerging Markets and Chief Merchandising Officer.
- All individual delistings outside of the Category Review Schedule require authorization from Category Manager.



## **2.7 LOCAL REPRESENTATION**

Suppliers are not required to have a local agent in Newfoundland and Labrador to conduct business with the NLC. While local representation is not a requirement, the benefits of having a local agent are significant in nature and highly encouraged. If a supplier chooses not to use a local agent, then the expectation would be the supplier would act as its own local agent and complete the same duties as one.

A local agent is defined as an individual or company, residing in Newfoundland and Labrador, and represents a supplier's products in this province's market place. Local agents work with:

- Category Management on listing and delisting decisions, the promotional calendar, planograms, store distribution, tasting events and shows. Local agents meet regularly with category managers to deal with product opportunities and challenges and to focus efforts and maximize sales and profit.
- Supply Chain on logistics and ordering issues and opportunities. Local agents work very closely with supply chain to maximize inventory turns while also ensuring there is an adequate level of inventory on hand to meet demand.
- Store Operations on execution of promotional programs, ad hoc displays and regional sales opportunities. They also work with store operations to gain insight into the diverse market in each individual corporate and express store.
- Marketing on national and regional marketing opportunities presented within the NLC. Agents and marketing align marketing campaigns to maximize the reach and scope within the Newfoundland and Labrador market place.

## **2.8 PRODUCT WRITE OFFS**

NLC may be required to write off and destroy product for a number of reasons including, but not limited to the below:

- Product Outdated
- Foreign Content in Bottle
- Product Off Color
- Low Fill Height
- Product Defaced
- Product Recalled
- Customer Returned Product
- Supplier requested

### **Product Write Off Bill Backs**

If we are required to write off and destroy product, the supplier will be billed back the cost of the product plus any applicable destruction and disposal fees. Destruction and disposal fees may depend on the quantity of product affected.

### **3.0 PRODUCT SAMPLE POLICY**

#### **3.1 EVALUATION SAMPLES**

In order to submit samples of products to the NLC, Agents may order directly from the Supplier they represent. Such shipments, which are not ordered by or through the NLC are for listing application purposes only and are to be ordered in the following quantities:

- 2 Bottles of Wine
- 2 Bottles of Spirits
- 2 Single Units of Beer or Refreshment Beverages
- 1 Multi pack selling units of Beer or Refreshment Beverages

Samples must be sent by freight methods; they may not be sent by post/mail. All samples are to be delivered directly to the NLC by the carrier.

The Agent is responsible for paying all costs incurred by the NLC including freight and brokerage charges, all applicable taxes, duties and levies.

International samples will be processed by the NLC's appointed Customs Broker and the product will be directed to the NLC Category Management Department at NLC's Head Office, 90 Kenmount Road, St. John's.

**Agents are not to pick up or personally deliver samples.**

In order to process samples, shipments must have the following information attached to the exterior of the package.

**If proper documentation is not provided, samples will be destroyed by the Carrier or the Customs Broker at the expense of the Payee.**

1. Name, Address and Contact Information of Supplier and Agent
2. Applicable NLC Category Manager
3. Call for Order (e.g. "Chilean Wine Call")
4. Bill of Lading # (BOL#) for tracking
5. Description of Goods (e.g. Product Name, Type of Wine: Red, White, etc.)
6. Percentage of Alcohol
7. Bottle Size
8. Quantity of Bottles
9. Country of Origin
10. Value of Goods for Customs Purposes (This cannot be zero dollars. It has to represent the actual value of the product at supplier costs. If the value is not correctly indicated the shipment will be delayed and all storage fees will at the expense of the Payee)
11. Currency

### **3.2 PROMOTIONAL SAMPLES**

Based on the size of the **initial order**, agents will be entitled to draw samples from the **initial order** in the following quantities within the first **4weeks** from the release date of the product:

Spirits/Wine	3 (750ml) Bottles per tier	(14-16 cases/tier)
Refreshment Beverages	8 Bottles per tier	(15 cases/tier)
Beer	6 Bottles per tier	(12 cases/tier)

The Supplier or Agent is responsible to pay the Landed Cost of the product. Contact the applicable Category Manager for approval. The approved amount needs to be picked up in whole and not over multiple purchases.

### **3.3 NON-NLC EVENT SAMPLES**

Subject to the following maximum quantities on recommendation of the applicable Category Manager and Director of Merchandising, Suppliers/Agents may purchase listed products for promotional events at a 15% discount from regular retail price for the product plus applicable taxes. These promotional events are either educational dinners which involve NLC products or product tastings and are held externally i.e. not in NLC Corporate Stores, Express Stores or other NLC owned or controlled facilities. Local Agent/National Agent must be present at the event to avail of the approved discounted samples.

#### ***Educational Dinners***

<b>Persons</b>	<b># of Ounces Per Person</b>	<b># of Ounces Per Bottle</b>	<b>Bottles Needed</b>
1 to 8	3	24.0	1
9 to 16	3	24.0	2
17 to 24	3	24.0	3
25 to 32	3	24.0	4
33 to 40	3	24.0	5
41 to 48	3	24.0	6
Above 48	3	24.0	Contact Category Manager

#### ***Educational Tastings***

<b>Persons</b>	<b># of Ounces Per Person</b>	<b># of Ounces Per Bottle</b>	<b>Bottles Needed</b>
1 to 24	1	24.0	1
25 to 48	1	24.0	2
Above 48	1	24.0	Contact Category Manager

To avail of this discount, Agents/Suppliers must contact the applicable Category Manager. Approval of the discount is at the discretion of the Corporation and must be approved by the Chief Merchandising Officer.

## Appendix A – NLC OTO Form

NLC - OTO Form (Outside of Category Call for Order)	
Date (DD/MM/YYYY)	
OTO - List Type (click cell to select from dropdown)	
Supplier	
National Agent (click cell to select from dropdown)	
Local Agent (click cell to select from dropdown)	
Product(s)	
Price	
Size format	
Case Pack Configuration	
Secondary Programming (if any)	
Cases Available	
Cases to Order	
Comments and Related Sales History	
Related Category and Brand Sales performance	
Time Frame for Arrival	
Time Frame for Sell Through	
Exit Strategy if not sold through in allocated time	
Category Signature (Print and Sign)	
Director Signature (Print and Sign)	
Executive Signature (Print and Sign)	
Agent Signature (Print and Sign)	

**Appendix B – NLC Ad Hoc General Listing Form**

<b>NLC - Adhoc General Listing (Outside of Category Call for Order)</b>	
Date (DD/MM/YYYY)	
Supplier	
National Agent (click cell to select from dropdown)	
Local Agent (click cell to select from dropdown)	
Product(s)	
Price	
Size format	
Case Pack Configuration	
Secondary Programming (if any)	
Category Comments/Strategy	
Time Frame for Arrival	
Category Signature (Print and Sign)	
Director Signature (Print and Sign)	
Executive Signature (Print and Sign)	
Agent Signature (Print and Sign)	