

NLC Listing and Delisting Policy and Procedure

CATEGORY REVIEW SCHEDULE

New general listings for alcoholic beverages are generated from a Category Review Schedule, determined by the applicable Category Manager. This Category Review Schedule is distributed to the National and Local Representatives prior to the beginning of the calendar year and posted on the NLC website. National and Local Representatives submit any New Listing Applications based on this review schedule. It should also be noted that there are instances when Listing Applications are submitted outside the above mentioned Category Review Schedule.

Listing Process:

- Agents/Suppliers review the Category Review Schedule and submit their New Listing Application submissions accordingly, along with product samples as per the listing process outlined on the NLC website, www.nliquor.com.
- Submissions are issued an ID number and recorded electronically for the Category Manager to review. Copies of the New Listing Applications are printed and filed by the wine origin or spirit class (eg. Australian Wine or Whisky) to coincide with the Category Review Schedule.
- Category Manager reviews the New Listing Application submissions based on the Category Review Schedule. The specific product information is accumulated in a Listing Decision Review Report from this file based on the specified criteria.
- Category Manager reviews each of the New Listing Application submission in the Listing Decision Review Report, in conjunction with the necessary analytical data, to make a decision on Listing.
- When Listing decisions have been made the Listing Decision Review Report is updated with its respective decision.
- Category Manager (or appropriate level of authority) provides a signature of authorization on a cover sheet for the Listing Decisions and the Listing Decisions Review Report.
- Local Reps/Vendors are notified of the decisions by the appropriate Category via email.
- The Listing Decision Review Report is then forwarded to the applicable Data Services Coordinator
- New Listing Applications for all accepted listings are pulled based on the ID numbers recorded and copies are sent to the Pricing Clerk (Finance Department).
- Pricing Clerk prices the products based on the information provided in the New Listing Application submitted and the current Pricing Policy of the NLC. The pricing clerk also corresponds with the Agent/Vendor to resolve any pricing issues.
- Once this has been completed, the Pricing Clerk completes a Pricing Sheet for each of the above mentioned accepted New Listing Applications providing the final retail price, to be authorized and signed by the Category Manager or the appropriate level of authority.
- Category Manager works in conjunction with Supply Chain Department to assign quantities to be ordered for each new accepted listing.
- Pricing Clerk provides Data Services Coordinator with the authorized Pricing Sheet for the accepted New Listing Application. The Data Service Coordinator then uses this Pricing Sheet as well as the accepted New Listing Application to create a SKU for the applicable product in MMS. A New Product Information sheet for each new SKU is completed from a refreshable file in MMS and 3 copies are printed, with the Order Quantities provided.
- 3 copies of the New Product Notification Sheet are distributed to the following parties with the appropriate backup information:
 - 1) Pricing Clerk – along with original pricing sheet signed by proper authority and a copy of the Product Application form
 - 2) Supply Chain – along with a copy of the original pricing sheet signed by proper authority and a copy of the Product Application form
 - 3) Category – along with a copy of the original pricing sheet signed by proper authority and the original Product Application form
- Category files their copies of each New Product Information form, along with the appropriate backup information, in the appropriate Vendor files.

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FESTIVAL LISTINGS

On occasion Category Manager's plan various product specific festivals throughout a fiscal year. The criteria of needs for a festival are sent to all local and national agents for participation. Depending on the size of a festival category will limit the number of products that can be submitted by a given agent. These limitations take into account size of agent in market, previous show performance, type of products being submitted, etc. If there are space constraints, agents will be notified during the Festival Call for Products.

Festival Listing Process

- Agents/Suppliers submit their Festival Listing Application submissions according to a specified deadline.
- All Festival submissions are issued an ID number and recorded electronically for the Category Manager to review. Copies of applications are printed and filed by ID number.
- Once the Category Manager is ready to review the Festival submissions the information is pulled as a report from this file based on the specified criteria.
- Category Manager reviews each new product submission in the report, in conjunction with the necessary analytical data, to make a decision on listing.
- Category managers present the listing decisions to the Director of Merchandising for approval.
- Once the final listing decisions have been confirmed, each product submission on the report is updated with its respective decision and the information is recorded and saved in Marketing. Category Manager (or appropriate level of authorization) provides a signature of authorization on a cover sheet for the Festival Listing Decisions and the Listing Decisions Review report.
- Local Reps/Vendors are notified of the listing decisions by the appropriate Category via email.
- The report for listings is then forwarded to the Data Services Coordinator with all the applicable information so that each accepted product can be set up in MMS.
- Product Applications for all accepted listing are pulled based on the ID numbers recorded and copies are sent to the Pricing Clerk (Finance Department).
- Pricing Clerk prices the products based on the information provided in the Product Application submitted and the current Pricing Policy of the NLC. The pricing clerk also corresponds with the Agent/Vendor to resolve any pricing issues.
- Once this has been completed, the Pricing Clerk completes a pricing sheet for each listing providing the final retail price, to be authorized and signed by the Category Manager or the appropriate level of authority.
- Category Manager works in conjunction with Supply Chain Department to assign quantities to be ordered for each new accepted listing. This Order information is added to the Festival Master Listing file and forwarded to Supply Chain for their information. This file provides a checklist for Both Marketing and Category.
- The Data Services Coordinator then uses the product application and the applicable authorized pricing sheet to set the new product up in MMS. A New Product Information sheet for each new listing is completed from a refreshable file in MMS and 3 copies are printed, with the Order Quantities provided.
- 3 copies of the New Product Notification Sheet are distributed to the following parties with the appropriate backup information:
 - 1) Pricing Clerk – along with original pricing sheet signed by proper authority and a copy of the Product Application form
 - 2) Supply Chain – along with a copy of the original pricing sheet signed by proper authority and a copy of the Product Application form
 - 3) Category – along with a copy of the original pricing sheet signed by proper authority and the original Product Application form
- Category files their copies of each New Product Information form, along with the appropriate backup information, in the appropriate files.

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INDIVIDUAL LISTINGS

Individual Product Listings can occur throughout the year outside of the regular Category Review Schedule. These individual listings can occur for several reasons such as special offers from Suppliers or Agents, allocations, case pack changes, etc. These new listing applications are reviewed on an individual basis and authorized by the appropriate Category Manager and Director or Merchandising.

Individual products that are presented for Licensee listing only will be directed to use the Licensee Private Order Policy.

- Once authorization has been given to list the product (verbal or e-mail), the Agent/Supplier would submit the respective New Listing Application form.
- A copy of the New Listing Application form is sent to the Pricing Clerk (Finance Department). Pricing Clerk prices the products based on the information provided in the Product Application form and the current Pricing Policy of the NLC. The pricing clerk also corresponds with the Agent/Vendor, if necessary, to resolve any pricing issues.
- Pricing Clerk creates a pricing sheet providing the final retail price, to be authorized and signed by the Category Manager or the appropriate level of authority.
- Category Manager works in conjunction with Supply Chain Department (if necessary) to determine order quantities or assigns an order quantity based on the allocation.
- The Data Services Coordinator then uses the product application and the applicable authorized pricing sheet to create the new product in MMS. A New Product Information sheet for each new listing is completed and 3 copies are printed with the Order Quantities provided.
- 3 copies of the New Product Notification Sheet are distributed to the following parties with the appropriate backup information:
 - 1) Pricing Clerk – along with original pricing sheet signed by proper authority, a copy of the Product Application form and any backup information.
 - 2) Supply Chain - along with a copy of the original pricing sheet signed by proper authority, a copy of the Product Application form and any backup information.
 - 3) Category – along with a copy of the original pricing sheet signed by proper authority, a copy of the Product Application form and any backup information.
- Category files their copies of each New Product Information form, along with the appropriate backup information, in the appropriate Vendor files.

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DE-LISTING PROCESS:

The delisting process is completed in conjunction with the Category Review Schedule. Categories are reviewed as per the schedule and decisions rendered based on the performance of the product as it relates to the category and the direction of the overall business. Several factors outside of performance also influence delisting decisions, such as shelf management requirements, product category requirements, hierarchy needs (price points), promotional support, brand family performance, supply issues, shelf life, etc.

The NLC allow a full 12 periods, from release date, before a product is to be considered for de-listing. Circumstances (such as product supply) may arise that fall outside the normal delisting procedure that allows the NLC to delist at its discretion.

When a Delisting Decision is determined based on sales performance, the NLC will notify the local agent. If the decision to delist is based outside of sales performance the NLC reserves the right to delist immediately.

- Category Managers review the categories based on the category review schedule. At this time all category requirements are determined and delisting decisions are made.
- Category Managers present the delisting decisions to the Director of Merchandising for approval.
- Data Service Coordinators will take the list of delisted products and notify local agents accordingly

Any general list product delisted after being in the market for over 12 months will be marked down at the supplier's expense. The mark down will be 25% on landed cost of the product. The new retail will be based on this mark down.

INDIVIDUAL DELISTINGS:

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 these circumstances arise they are presented to Category Manager at which time an immediate decision to delist is made.
- Data Services Coordinators then notify the local agents and update MMS accordingly.

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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.

AUTHORIZATION REQUIREMENTS:

Listings:

- Final Category Review Schedule and listings decisions require authorization and sign off from Category Manager and Director of Merchandising.
- All General Listings require authorization and sign off from Category Manager. Products in excess of a final retail of \$100 will require further authorization from the Director of Merchandising.
- All Specialty, Allocated and One-time-Orders require the authorization from Category Manager and Director of Merchandising.

Delistings:

- Initial Category Review Schedule and suggested delistings requires authorization and sign off from Category Manager and Director of Merchandising.
- Final delisting decisions from the Category Review Schedule require further signoff from Category Manager and Director of Merchandising.
- All individual delistings outside of the Category Review Schedule require authorization from Category Manager.