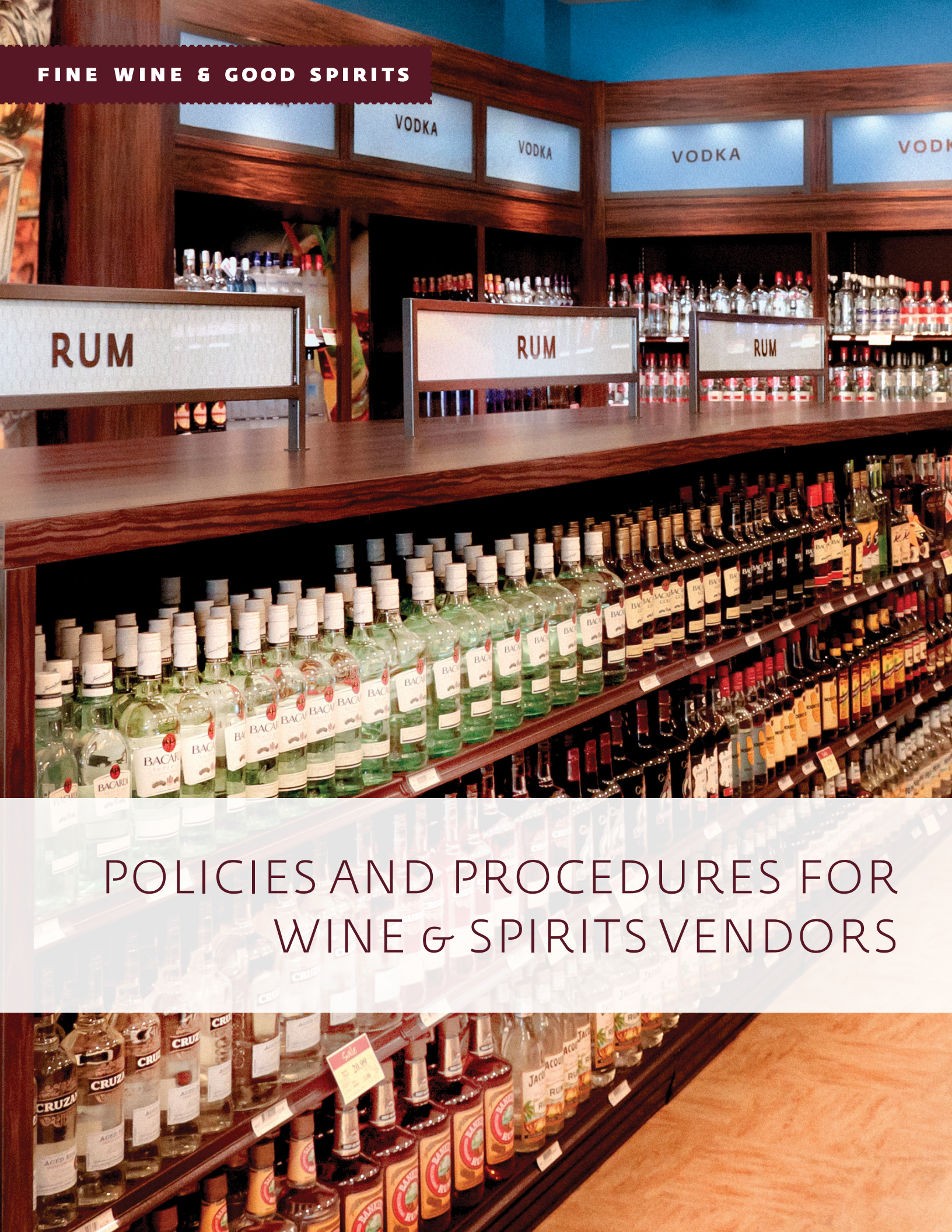
FINE WINE & GOOD SPIRITS

POLICIES AND PROCEDURES FOR WINE & SPIRITS VENDORS



INTRODUCTION

The Pennsylvania Liquor Control Board (PLCB) is proud to fulfill an obligation of value and service to our customers and all Pennsylvanians. To meet this obligation, we strive to stay well-informed about consumer demands and the rapidly changing landscape of modern American merchandising. We endeavor to utilize best business practices and maintain high and respectable standards in procuring products to stock the shelves of Pennsylvania Fine Wine & Good Spirits (FWGS) stores.

This manual serves as an informational reference guide for wine and spirits vendors pursuing business with the PLCB and acquaints new and prospective vendors with the PLCB's policies and procedures for marketing and selling products in Pennsylvania.

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REGULAR STOCK LISTING

The PLCB reviews listing proposals twice a year for regular stock items, which are products available for sale at all brick-and-mortar FWGS stores. Listing proposals are only accepted during the open listing periods. Listing periods are announced via email to all vendors on our distribution list. To request addition of an email address to the distribution list, please contact the Product Selection team. Each listing email announcement contains instructions, a New Item Submission Sheet and deadlines specific to each listing period.

In order to submit a listing proposal, a vendor must have a license from the federal Alcohol and Tobacco Tax and Trade Bureau.

Each vendor whose products are selected for listing must also obtain a Pennsylvania Vendor Permit from the PLCB's Bureau of Licensing. A vendor's permit fee of $265 and a filing fee of $700 must be submitted with the permit application. Payment of licensing fees does not guarantee the listing of your product.

A listing submission must include the following elements:

1. New Item Submission Sheet – All items from the same vendor should be submitted on one form to the email address specified in the listing announcement.
2. A non-refundable listing submission fee of $150 per item, per size, submitted as instructed in the listing email announcement. Payment of the listing fees does not guarantee the listing of your product.
3. Late and incomplete submissions may be rejected.
4. Items will be pre-scored based on category roles assigned to each marketing category and price segment.
5. Items successfully passing initial scoring will be asked to submit samples for review.
6. Items that pass the sampling review will be invited to offer a formal presentation to the category managers.
7. At the formal presentation the following is required:
   - One copy of a properly completed Standard Quotation and Specification Form for each item;
   - One copy of the TTB approval of the current UPC label;
   - A copy of the New Item Submission Sheet, only if there have been changes since the form was submitted; and
   - Any other information the vendor deems appropriate.
8. The Standard Quotation and Specification Form, which may only be accessed once a vendor reads and consents to the PLCB's Standard Contract Terms and Conditions for Purchase Order. All product must be quoted to the PLCB on a delivered basis.
9. Category managers will discourage vendors from presenting products that are not a good fit for the FWGS portfolio. The vendor may still wish to submit the product, understanding that it may be rejected.
10. Category managers will make recommendations to accept or reject items based on factors including price segment growth, category growth, projected annual profit per store and marketing support proposed by the vendor.
11. The Director of Product Selection will submit recommendations to the Board for final decision.
12. Vendors who submitted items for consideration will be notified in writing of the Board's decision regarding their items. Inquiries regarding item approval will not be addressed prior to Board decision. Board decisions are available in Board meeting minutes posted on the PLCB website.

All product sizes will be considered, from 50mL to 5L (still wine) and 6L (sparkling wine and Champagne). Size extensions follow the same listing calendar as all other items.

NEW ITEM FOLLOW-UP

Newly listed items will be reviewed three months after Board approval to ensure inventory arrived in the appropriate stores.

New products will be reviewed again six months after the product is listed. Category managers will check to make sure all marketing support initially proposed by the vendor has taken place. If marketing support is not executed, the item will be considered for de-listing.

Marketing support follow through will be reviewed again after 14 months. Category managers may recommend a product be delisted at that time if the product is underperforming and/or marketing support commitment has not been executed. To determine if a product is underperforming, category managers will compare cases sold per store to the vendor's sales projections. Other factors, such as case and profit share and item trend, may be considered.

DE-LISTING REGULAR STOCK ITEMS

Product categories are reviewed and evaluated against performance standards, allowing for more efficient management of assortment and space and providing reasonable time to remove delisted products prior to the introduction of new listings.

In order for FWGS to offer new products and increase supply chain efficiencies, it removes products from its portfolio that do not enhance the overall product selection or meet sales expectations. FWGS may also request a voluntary de-list of listed codes that are consistently out of stock for more than two months. Please refer to our Listing/Delisting Calendar for delisting periods.

If an item is determined by the vendor to be unprofitable or inconsistent with its marketing philosophy, the vendor may request the item be delisted. FWGS will not willingly delist any item that is well received by Pennsylvania consumers. If the vendor, however, decides to withdraw an item from the national market, FWGS will comply with a request for de-listing.

The Director of Product Selection will submit recommendations for delisting, based on established delist methodology, to the Board for consideration. Vendors will be notified in writing of product de-listing.

REGULAR STOCK CONTACTS

Mark Wolf	**Christine Leiby**	**Sue Schneider**
marwolf@pa.gov	chleiby@pa.gov	suschneide@pa.gov
Spirits	US Wines	Import Wines
Accessories (consumable)	Cider (>8.5%)	Kosher
Cocktail Mixers	4 Packs	Dessert
Prepared Cocktails	U.S. Sparkling	Beverage Wines
		Economy Glass
		5L & 3L Boxed Wines
		Alternative Packaging

PREMIUM PRODUCT MANAGEMENT

Premium wines and spirits are personally selected utilizing FWGS buying power and strong relationships with wineries and suppliers all over the world. These high quality, unique and often rare products are sold at more than 80 Premium Collection stores located across Pennsylvania.

Premium products are managed geographically and reviewed for soundness, price/value relationship and market appeal. The Premium Division reviews wines during offering periods throughout the calendar year to ensure a constant flow of the world's best wines into our Premium Collection stores.

To learn more about the premium product portfolio and explore whether a specific product may fit within this category, vendors should contact the appropriate buyer identified below.

PREMIUM CONTACT INFORMATION

Josh Hull joshull@pa.gov Italy	**Moira O'Neal** moneal@pa.gov Spain Portugal Austria Germany Greece Misc. Europe	**Steve Reso** sreso@pa.gov California
Jacqueline Spironello jspironell@pa.gov Australia New Zealand Africa South America Sake Kosher	**Betty Kreder** bkreder@pa.gov North America (excluding CA) Accessories (non-consumable)	**Christopher Zollo** czollo@pa.gov Wine Club Premium Spirits e-Commerce

CHAIRMAN'S SELECTION®

The Chairman's Selection® Program is a unique opportunity for wine suppliers to get brand exposure in one of the biggest markets in the country. To participate, a vendor must provide a minimum 35 percent discount from a nationally quoted or winery retail price, and wines must be vintage- and appellation-specific.

Chairman's Selection wines are hand-selected to provide savvy consumers both world-renowned wines and undiscovered gems.

CHAIRMAN'S ADVANTAGE®

The Chairman's Advantage® Program features uncomplicated wines that over-deliver for consumers, with retail prices of $10 or less per bottle of wine.

Questions regarding the Chairman's Advantage and Chairman's Selection programs can be directed to Steve Pollack at spollack@pa.gov or Luke Ashton at lashton@pa.gov.

E-COMMERCE WEBSITE

The FWGS e-Commerce website seeks to offer consumers rare and niche items, some of which are offered only once a year or are available only in very limited quantities from suppliers.

e-Commerce seeks products from small producers, craft distillers and start-ups looking to enter the market with unique products. Collector's items, eclectic merchandise and unique extensions of listed products are also considered.

To present items for e-Commerce consideration, please email ra-lbpawineandspirits@pa.gov.

PENNSYLVANIA PROUD

Recognizing consumer's interest in buying local and the significant impact that Pennsylvania wines and spirits have on Pennsylvania's agriculture and tourism industries, the PLCB is committed to partnering with Pennsylvania wineries and distilleries.

In-state wineries and distilleries may select up to 10 products to place in up to 10 Fine Wine & Good Spirits stores of their choosing. Each winery or distillery must sell at least one case of wine or spirits per month to continue participating in the in-store sales program.

Pennsylvania products go through a process very similar to the regular listing process, but new items are only considered once a year, each spring.

For more details, explore the PA Preferred™ Wine Program or the Pennsylvania Spirits Program.

NON-CONSUMABLE ACCESSORIES

Suppliers interested in having non-consumable accessories – for example corkscrews, bottle toppers, wine bags, glassware and barware – featured in FWGS stores should contact the Product Selection team.

SUPPLY CHAIN REQUIREMENTS

If a vendor's product will flow through the PLCB distribution centers to standard and premium collection FWGS stores, certain packaging and shipping conditions must be met.

All shipments of wine and liquor to the PLCB must be packed in shipping containers (complete outer and inner packaging) that will assure carrier acceptance and safe transportation to a distribution center; handling and stacking in the distribution center; reshipment from the distribution center to the stores; and handling and stacking in the stores. The packages must comply in all respects with the governing classification of common carrier.

Packaging and Labeling Requirements

Each case shipped to the PLCB must be labeled with the following:

a) Shipping Container Code (SCC) – EAN/UCC-14 barcode appearing and readable on two adjacent sides of each case

b) PLCB item code number appearing on one end of each case

c) Brief product description (including brand name, size, proof or vintage) appearing on one end of each case

d) Universal Product Code (UPC) barcode appearing on one end of each case

If a shipment is received by the PLCB from a vendor bearing an incorrectly formatted or affixed label or one bearing unrecognized coding, distribution of the merchandise to stores will be delayed until the cases are properly identified and labeled. Corrections will be made by distribution center operators with accessorial and administrative fees assessed for failure to comply with these requirements.

Additional packaging and labeling requirements – including information about standard case code labels, SCC requirements and specifications, and label placement – are available on the PLCB website.

New vendors are encouraged to confirm that their labeling is acceptable prior to shipment by contacting the PLCB SCC/Labeling Coordinator.

Delivery Requirements

The PLCB expects all vendors to take the necessary precautions to ensure a safe, secure and damage-free loads delivered in accordance with established due dates.

All loads delivered to PLCB distribution centers are "driver unload." Each distribution center has the ability to handle unitized shipments shipped on pallets (U.S. standard 48" x 40") or slip-sheets.

All non-unitized shipments (floor loaded, mixed pallet, etc.) must be separated by the driver or a lumper hired by the driver to allow for proper receipt. The distribution center will provide pallets as needed for non-unitized shipments. Each shipment must be unloaded within 4 hours.

Permit numbers and appointment times are required for all shipments to PLCB distribution centers. Carriers must contact the distribution center at least one working day prior to the scheduled delivery date, but carriers are strongly encouraged to contact the distribution center as far ahead as possible within the appointment scheduling window, which is one to 10 working days.

Each delivery must include a manifest in the trailer. Each manifest must include the following information:

- Delivery date
- PLCB permit number
- PLCB purchase order number(s)
- Number of cases by PLCB code (SKU) number
- Total number of cases.

SALES, REBATES & COUPONS (LISTED & PREMIUM PRODUCTS ONLY)

Vendor Allowances

Following are details of the monthly Vendor Allowance (VA) program:

1. A code can only be entered by a vendor once per quarter, or four times per year. Check with your respective Category Manager for more information, with the understanding that vendor allowances are typically determined at least nine months in advance.
2. Each month, a limited number of codes will be designated for floor displays. Selection of these items will be based on volume potential, profitability and marketing support. All other approved promotional items will be for shelf-only sales.
3. The final decision on when and what products will be on sale within each quarter is at the discretion of the Bureau of Product Management. Category Managers may decide to assign consecutive month VAs when deemed advantageous.
4. All approved VA offers must be submitted monthly through the Vendor Allowance Portal. If a vendor does not currently have online access, please contact your Category Manager.

The Vendor Allowance Calendar identifies sales periods.

Mail-In Rebate Requirements

Following are guidelines for rebate offerings:

1. All mail-in rebates must be issued for at least 90 days and must be submitted to RA-LBConsumerOffers@pa.gov 60 days prior to the requested initiation date. Rebates will not be accepted without a completed Request for Manufacturer's Rebate Offer Form.
2. Mail-in rebates may only be offered through FWGS stores after approval and must contain the following:
   - Expiration date of the rebate (preferably on front side and in large print).
   - Rebate value.
   - Provision for the name and address of the individual redeeming the rebate.
   - Identity of the manufacturer or manufacturer's agent.
   - Description of the product including but not limited to the brand name and size.
   - Warning statement that the purchase of the product and the rebate offer is limited to persons 21 years of age and older.
   - Statement clarifying the rebate offer is only valid on products purchased at Fine Wine & Good Spirits stores.

   NOTE: All rebates must be distributed to all stores selling the product, either delivered by the vendor representative or mailed.
3. All mail-in rebate offers must require submission of proof of purchase in the form of a cash register receipt.

Instant Redeemable Coupons

1. Instant redeemable coupons (IRCs), including digital coupons, should be submitted 60 days in advance.
   - Coupons should be submitted in PDF format to ra-lbconsumeroffers@pa.gov.
   - A completed Instant Redeemable Coupon (IRC) worksheet should be attached, including the number of coupons to be distributed; start and expiration dates; stores where coupons will be placed; code, brand, size and coupon value; contact information; and vendor-of-record.
   - A final draft of the coupon MUST be approved by the PLCB before the supplier prints the coupon.
   - Coupons will not be accepted for licensee orders or SLO products.
2. Coupons must conform to stacked GS1 barcode guidelines. The UPC coding on the coupon must match the offer described on the front of the coupon.
   - A bar code must be printed on each coupon, and the expiration date must be embedded in the bar code.
   - "No double couponing" must appear either on the front or back of the coupon.
   - Coupon should include a description of the product,
   - A warning statement that the purchase of the product and the coupon offer is limited to persons 21 years of age and older must appear on the coupon.
   - Coupons must be printed on glossy paper, not standard cardstock, to avoid unauthorized or fraudulent duplication.
   - Coupons must be designed to hang on the bottles or on a tear pad. Coupons that stick to bottles with adhesive or involve rub-offs to expose the value of the offer are not acceptable.
   - The minimum value of a coupon offer on alcoholic products is $1.00. "Buy One Get One Free" offers are prohibited.
3. Additional coupon requirements and illustration:

A. Indicate that it is a manufacturer's coupon with a clearly visible expiration date.
B. Indicate the coupon is only valid at Fine Wine & Good Spirits stores.
C. Identify the value of coupon offer.
D. The word "INSTANT" should appear prominently on the front of coupon.
E. Coupon should include description of the product, specifically brand name and size.
F. If there is a graphic on the coupon, it needs to be consistent with the wording.
G. Include a statement regarding restrictions, if applicable.
H. The identity/address of the manufacturer must appear in the "Retailer" section of the coupon.
I. GS 1 Barcode

NOTE: Failure to enter item family code information may result in scanning errors and loss of information for vendors. Family codes must be between 010 and 989.

CHANGES IN COST, SPECIFICATIONS & LABELS OF LISTED ITEMS

A new quote must be submitted to the PLCB in the event anything changes with regard to a product, including changes in cost, specifications or packaging (including label, pallet information, UPC/'SCC, etc.). The new quote must be approved before shipment of such merchandise is made to PLCB distribution centers.

In the event, however, that such unauthorized shipment is made, no distribution to stores of this "new" merchandise will be made until all changes are approved. In some instances, this merchandise will be put into the vendor's private account in PLCB warehouses until arrangements are made to return merchandise to the vendor.

Changes in Cost

A completed Standard Quotation and Specification Form must be submitted to the Bureau of Product Selection whenever a vendor desires to change the invoice cost, or any element that makes up this invoice cost, of any listed item. The PLCB will consider cost increases on a quarterly basis, according to the following schedule.

Submission Deadline	Cost Increase Date
January 1	April 1
April 1	July 1
July 1	October 1
October 1	January 1

Cost increases are not guaranteed approval, and any price increase may be rejected.

Cost increases will not be accepted on listed items until they have been in our system for at least one year.

Cost decreases may be submitted at any time and are effective when approved.

Changes in Specifications/Labels; UPC Requirements

For each specification change, a completed Standard Quotation and Specification Form must be submitted indicating the change. One copy of the front and back label must be submitted along with the form to the appropriate Category Manager.

In cases where changes may be considered minor, the new product may be able to replace the existing product immediately.

Following are examples of minor changes:

- The product has a change in proof level of up to 3 percent.
- The product inside the bottle is the same, but the artwork on the label or the bottle changes.

More significant changes and could make the product unique from its predecessor, in which case a request for a new listing may be necessary.

Following are examples of significant changes that make the product unique from the predecessor:

- The product has a change in proof level of more than 3 percent.
- The product is the same varietal but from a different appellation.
- The product changes varietals, for example from Grenache-Mourvedre blend to Grenache.

Determination of what constitutes a significant change will be made by the Director of Product Selection.

If significant changes cause a product to be unique from its predecessor, a new UPC must be assigned to the new product. The PLCB reserves the right to reject a product if a new UPC is not assigned.

The PLCB may choose to allow the supplier to begin shipping the new product immediately in place of the old one, but this will be determined on a case by case basis and will likely only be granted to category leaders.

SPECIAL LIQUOR ORDER

Vendors may offer merchandise that is not available through stores or e-Commerce for sale to licensees and/or the general public through Special Liquor Orders, or SLO. SLO products are featured at FineWineAndGoodSpirits.com and in some cases vendors establish minimum order quantities. SLO stock is maintained by vendors rather than at PLCB warehouses, and products must be delivered within 30 days of order to a Fine Wine & Good Spirits store as designated by a consumer when the order is placed.

If a vendor wishes to offer a product for special order sale, please contact ra-lbslo@pa.gov to learn more about the process.

For vendors approved to offer products through SLO, a quote must be submitted through the SLO portal. A separate quotation is required for each product, each vintage and each size of the same product. All quotations must be filed using per bottle pricing. Vendors may also access the SLO Portal Guide for assistance in using this platform.

The delivery cost quoted by the vendor must be the delivered cost to any point in Pennsylvania, uniformly across the state. Delivery charges may include only the actual cost of delivery from the F.O.B. shipping point to the receiving point. Delivery may be made by a licensed carrier selected by the vendor.

VENDOR CHECKLIST FOR ESTABLISHING BUSINESS WITH THE PLCB

- ☐ Vendors are encouraged to first review the sales channels available through the PLCB (regular listed, Premium Collection, Chairman's Programs, e-Commerce and Special Liquor Order) to determine which channel to pursue.

- ☐ In order to submit a proposal, a vendor must have a license from the federal Alcohol and Tobacco Tax and Trade Bureau.

- ☐ A regular listing submission must be submitted for the PLCB to consider selling a product in its network of Fine Wine & Good Spirits stores.

- ☐ Each vendor whose products are selected for regular listing must obtain a Pennsylvania Vendor Permit from the PLCB's Bureau of Licensing.

- ☐ To sell items through Premium Collection, e-commerce, the Chairman's Programs or SLO, vendors must first be authorized to do business in Pennsylvania.

- ☐ Vendors whose products flow through the PLCB's contracted distribution centers to stores must familiarize themselves with supply chain requirements.

Note that many forms commonly accessed by wine and liquor suppliers are available online.