

• PROJECT SUMMARY:

The MOE intended to use the information to compare prices of items sold in Israel against prices of similar items sold in certain other markets. Nielsen had informed the MOE and the MOE acknowledged that international product and price comparisons are highly complex and depend on multiple external factors, such as popularity of a product and the state of the local economy. Furthermore, weighted average prices may vary significantly from shelf prices. The weighted average price is calculated as the value of all items sold, divided by number of items sold for a particular item over a defined time period (latest available Moving Annual Total (MAT), latest available quarter or two-month period). The shelf price is the price for a single unit of a product observed on the shelf for a specific day and point in time, at a given store. Shelf prices vary from day-to-day and store-to-store.

Furthermore, the MOE acknowledged that the items requested by the MOE may not be available in all markets and even if such items are available, the actual item could vary; for example, ingredients, package size (etc.) may differ per market. It was very important that items were carefully selected and matched. Nielsen therefore performed an item selection to identify products that are a "Best Fit" match according to the item selection criteria set out below.

If an exact or "Best Fit" match was not available, the item was be considered out of the scope and Nielsen did not provide the requested data with respect to such product. If there were multiple items available matching one product, Nielsen, at its discretion, determined whether one of the items could be considered a "Best Fit" match.

• ITEM SELECTION CRITERIA:

Nielsen performed an item selection to identify products that are a "Best Fit" match, based on the below criteria. An item was considered a "Best Fit" match if it met the following criteria:

1. Manufacturer - exact match.
2. Brand - exact match.
3. Sub-brand - this information is not always available as an additional characteristic, however, could be available in the item description and should be exactly matched from there. If the sub-brand information is not available in the item description, the item will not be selected.
4. Variant (scent/flavor, etc.) - This information should be exactly matched either from the item description or from item's additional characteristics, depending on availability. There should be no contradiction between the variant (scent/flavor, etc) information of the selected item and the search item, otherwise the item should not be selected.
5. Additional characteristics could be helpful in identifying the product, such as marketing type/function/purpose, etc. There should be no contradiction between the information of the selected item and the search item, but an exact match may not be available. Each special case will be further validated with the local Nielsen Data Science team for final confirmation and will be communicated additionally.
6. Item Size - exact match. A threshold of +/-5% is allowed in order to make room for minor differences, such as when we convert from Imperial or United States customary units. Each exception to the above will be further validated with the local Nielsen Data Science team. If the match cannot be confirmed, the closest item in terms of size available in the given country and fitting the rest of the criteria will be communicated to the MOE.
7. Multiple items - If there are multiple items available matching one product, further validation with the local Nielsen Data Science team will be performed and Nielsen will determine whether one of the items is a Best Fit match, taking into account the volume share, prices and market share of each of the items These cases will be communicated to Client.
8. Pareto Market Share (volume) rule - the item's market share calculated on volume should fall within the top 80% of the items within the category. Bottom 20% items do not qualify for selection. The reason for this is that RMS data is subject to statistical error and information regarding items with a low market share may not be reliable.
9. Promotional items such as bonus pack, gift on pack and multipack items will be excluded.

If an exact or "Best Fit" match is not available, the item will be considered out of scope and Nielsen will not be able to provide the requested data with respect to such product.

• **PUBLICATION OF INFORMATION**

The MOE agreed and confirms that in all cases where Nielsen information is quoted by the MOE as a source of data in connection with any public statement issued or permitted by the MOE with regard to the Order¹, a citation shall be clearly displayed by the MOE. A public statement shall include but not be limited to formal statements on the MOE website or the notice displayed on the MOE website as a suggested notice for retailers' in connection with the Order. Any reference to Nielsen information on the MOE website or in any other permitted disclosure must be easily and directly accessible and include the citations below. In addition to the below citations, the MOE should publish on their website the following information for each product for which the average price is published:

- The full name of the product;
- The pack size of the product;
- The markets for which price information was used to calculate the published average price;
- The time period that the average price is based on (per market);
- The exchange rates applied by the MOE to convert prices in local currency to ILS; and
- A note that the MOE applies Israel VAT to the net average prices of the products.

The following citations will be used, depending on where Nielsen information will be sourced:

A) On Shelf Retailer Notice:

"The average price from a group of countries was calculated by the MOE in order to give an indication of comparable shelf prices of the same products in different countries. Actual shelf prices may be different to average prices"

In the event that the published average price is the average price for one country only, the citation will read as follows: *"The average price shown is the average price of the product in Country as reported by Nielsen and processed by the MOE in order to give an indication of comparable shelf prices of the same products in Country. Actual shelf prices in Country may be different to average prices"*

B) Government website/other public disclosure:

"The MOE has carried out a study to compare the prices of products in Israel with those in selected other countries. This study is in part based on average price information licensed by Nielsen to the MOE. The MOE has applied its own methodology to determine the information which a retailer is required to display in connection with the Order. Nielsen has not endorsed this methodology.

The average price from a group of countries was calculated by the MOE in order to give an indication of comparable shelf prices of same products in different countries. The actual shelf price of a product in a country at a specific time may vary materially from the average price shown in the shelf notice and may be affected by a number of external factors."

In the event that a publication on the Government website or other public disclosure relates to one specific product, and the average price, as published, is based on data from one country only, the MOE will make this clear in the publication and identify the relevant country in the publication.

¹ (שעה הוראת) (לישראל מחוץ במדינות הממוצע במחיריהם טובין סימון) (טובין סימון) הצרכן הגות צו
תשע"ז-201