

2015 Export Projects Guidelines

With the aim of promoting and building product awareness through an increase in the volume of sale of PDO Parmigiano Reggiano in **FOREIGN MARKETS**, the Consortium Assembly has resolved to renew for year 2015 activities in support of promotional actions carried out by **EXPORTERS ACCREDITED BY THE CONSORTIUM**, allocating for this purpose the total amount of € **3,000,000**.

This amount will be shared by '*traditional*' projects and '*special*' projects with € **1,500,000** € and € **1,500,000** respectively.

For year 2015, the contribution awarded by the Consortium for "traditional" and "special" projects may cover **up to a maximum of 50%** of the cost of the action.

All the projects must involve Parmigiano Reggiano cheese **matured for a minimum of 24 months** or, in any case, marked EXTRA-EXPORT.

In case of grated cheese or other forms such as petals and cubes, the minimum maturation period must be shown on the package and must be strictly 24 months or more.

TRADITIONAL PROJECTS

The resources for traditional projects 2015 shall be used **EXCLUSIVELY** for the following activities:

1. Exclusive in-store promotions: tasting with the presence of a hostess/cutter and distribution of promotional materials (gadgets /paper material)
2. Preferential product display;
3. Communication on the first COVER PAGE OF A LEAFLET.

The maximum total amount awarded to each company will be calculated, after presentation of analytical projects, by dividing the total allocated amount according to the respective market share.

Applications must be submitted by 28 February 2015, by accurately completing every section of the APPLICATION FORM FOR 2015 TRADITIONAL EXPORT CONTRIBUTIONS.

Additional information about supported actions:

1 - IN STORE PROMOTION

The Consortium will support product tasting and promotion days using specialised, trained personnel; this may be combined with the distribution of **information material and/or official gadgets** purchased directly from authorised dealers.

http://www.parmigianoreggiano.it/consorzio/promozionali_ufficiali/default.aspx

Companies are required to send our Export department a detailed **preliminary schedule of activities** with details for each point of sale; a **contact person in the retail chain** must be indicated for direct audit activities. Use the TRADITIONAL PROJECTS SCHEDULE PLANNER WORKSHEET.

NEW IN 2015: The contribution will be on a LUMP SUM basis, i.e. not calculated on the costs detailed in a expense report but according to the following standard unit cost table per INDIVIDUAL POINT OF SALE:

- cost of a promotion day WITHOUT distribution of official materials: **300 €**

- cost of a promotion day WITH distribution of official materials: **400 €**

Unlike official materials, the use of any non-official material must first be authorised. In addition, the costs will not be paid on a lump sum basis as specified above but will have to be detailed in the expense report.

The contribution will be paid according to the NUMBER OF DAYS actually carried out. Therefore the expense report shall only be related to the ACTUAL SCHEDULE that is shown by the official documentation of the retail chain and a substantial photographic coverage.

2 - PREFERENTIAL DISPLAY

Contributions will be paid for preferential display days, i.e. displaying of the Cheese in island case refrigerators, head gondolas or very prominent shelf barkers.

Companies are required to send a detailed **preliminary schedule of activities** with details for each point of sale; a **contact person in the retail chain** must be indicated for direct audit activities. Use the: TRADITIONAL PROJECTS SCHEDULE PLANNER WORKSHEET.

NEW IN 2015: as for promotion days, the contribution will be on a LUMP SUM basis, i.e. not calculated on the costs detailed in a expense report but according to the following standard unit cost table:

- cost of a preferential display day: **100 € per POS**

The contribution will be paid according to the NUMBER OF DAYS actually carried out. Therefore the accounting shall only be related to the ACTUAL SCHEDULE that is shown by the official documentation of the retail chain and a substantial photographic coverage.

3 - LEAFLETS

Contributions will be paid only for leaflets where the **first cover page** highlights exclusively the promotion of Parmigiano Reggiano cheese with the MINIMUM maturation period also indicated on the leaflet.

Unlike promotion days, the actual costs of leaflets must be detailed in the expense report and supported by the sub-invoices of the retail chain.

The maximum cost allowed for each promotional activity may not exceed Euro 30,000 (therefore a maximum contribution of Euro 15,000).

As FINAL ACCOUNTING REPORT the company must complete the TRADITIONAL PROJECTS EXPENSE REPORT WORKSHEET for EACH PROJECT/CHAIN, with all the supporting documents attached (for leaflets: original copy and invoices made out to the exporter and associated payment receipts showing exchange rate if applicable, sub-invoices; for in-store promotion actions and preferential display: pictures of the activities, final schedule, invoices made out to the exporter for NON official materials).

SPECIAL PROJECTS

The special projects require the direct involvement of the **Consortium**, right from the initial stages of project presentation through to planning and implementation of the activities:

- these must be linked to the objective of increasing awareness of the distinctive features of Parmigiano Reggiano and promoting the product, with priority to new geographic markets/countries.
- they must include an objective of yearly quantity increase for each retail chain.

The overall contribution that can be paid for each single project ranges from a **minimum of 25.000 to a maximum of 150.000 €**.

Each PROJECT shall be evaluated individually and submitted to the Executive Committee for approval. Companies who wish to apply must submit, by 28 February 2015, an APPLICATION for EACH PROJECT/MARKET by completing in detail every section of the 2015 APPLICATION FORM FOR 2015 SPECIAL EXPORT CONTRIBUTIONS

As FINAL ACCOUNTING REPORT the company must complete an SPECIAL PROJECTS EXPENSE REPORT WORKSHEET for EACH PROJECT, with all the supporting documents attached.

SPECIAL PROJECTS FOR DAIRIES

Dairies have access to a quota of the "special projects" budget reserved to them and amounting to a total of € 100,000 to be shared among the various applications submitted by producers.

The maximum contribution paid for an individual project shall amount to € 10,000.

RATING

Companies applying for 2015 export project contributions shall be subjected to subjective rating based on:

1. new serious nonconformities found by OCQ-PR in 2013/2014;
2. new violations sanctioned and/or reported by CFPR supervisor to official authorities and/or sanctioned by other competent national authorities (Icq, Nac, Nas, Cfs) in 2013/2014;
3. nonconformities detected through official CFPR analyses (cyclopropyl acid and isotopes);
4. deviations detected in the MANDATORY accounting audit carried out by primary auditing company appointed by the Consortium (for data relating to 2014, Pricewaterhouse Cooper SpA).

As regards Item 3), please note that samples taken from commercial lots (with several samples from the same lot) during ordinary supervision activities in Italy or abroad, will be tested to ensure authenticity of the product. The tests are:

- lysozyme: absent
- isotopic and mineral profile: in conformity with Parmigiano Reggiano
- cyclopropyl acids: <0.01%

Samples that are found to be nonconforming in any of these tests shall be subjected to counter testing on an additional sample, after informing and involving the company concerned; the Consortium reserves the right to evaluate possible administrative or criminal enforcement actions. If positivity is confirmed by counter tests, it will be considered as nonconformity for the purpose of "export rating".

If the rating is "negative", the contribution percentage paid by the Consortium will be cut from 50% to 37.5% (of the total expenses actually incurred and included in the expense report by the exporting company); the cut will be applied both during the approval and reporting phase, both on traditional and special projects. In the event of recurrence, the portion paid by the Consortium shall be further decreased to 25%, without prejudice to the right of the Executive Committee to apply other restrictive actions in case of recurrence.

In the event of nonconformities detected after the 2015 allocation and before the payment of the contribution, the cut will be applied to the balance.

2015 ACCESS CRITERIA

Applications for contributions may be sent in only by accredited exporting companies:

- who export a minimum quantity of 50 tons per year;
- who purchase 2013 cheese production from I4S distributed among participating exporters in proportion to their market share;
- who have given permission for an accounting audit to be carried out by the Auditing Company;
- who have provided data about their export activity for 2013 and 2014 to the statistical data service of the CRPA (Animal Production Research Centre) using the 2014 EXPORT QUESTIONNAIRE;
- who have signed the 2015 PROJECT PARTICIPATION DECLARATION

The EXPORT QUESTIONNAIRE must reach us **by 31 January 2015** so as to enable calculation of the respective market shares based on which the 2015 budget allocation will be determined. These data may be verified by the auditing company carrying out the audit of the company/administrative offices.

Data must be sent **EXCLUSIVELY** to the attention of Claudio Montanari (e-mail: c.montanari@crpa.it; telephone: 0522/436999).

We do stress that the data supplied will be strictly confidential and processed exclusively by CRPA, who will supply to the Consortium only a summary of the cumulative data collected and the percentage ranking of exporters based on volumes.

The **2015 PROJECT PARTICIPATION DECLARATION** must be completed and returned duly signed together with the first export project submitted for 2015.

DEADLINES & PROCEDURES

The **deadline** for submission of **APPLICATIONS** for contributions both for traditional and special projects is **28 February 2015**.

The proposals received within that deadline, if complete and conforming, will be examined and a **WRITTEN confirmation** of the allocation of contributions will be sent. If the amount of the projects submitted exceeds the allocated amount, the Consortium will define the order of priority of the projects.

All the documentation required by these guidelines, except for the export questionnaire, must be sent to the Export Department of the Consortium through the following e-mail address: passani@parmigianoreggiano.it.

CONTRIBUTION PAYMENT

The contribution will be paid **after the final report**, once the **EXPENSE REPORT** has been approved by the Executive Committee.

You are reminded that:

- The contribution awarded by the Consortium for "traditional" and "special" projects can cover **a maximum of 50%** of the cost of the action actually reported;
- the percentage actually allocated may be **reduced** in case of failure to comply with the Guidelines, as well as with the objectives achieved or the rating obtained during 2015;
- the amount paid shall never exceed the **maximum limit** of the amount allocated.