

GDO PROJECT - Partnership Agreement for the Promotion of “Made in Italy” Products

Italian Trade Agency (ITA), through its office in Tokyo - **Trade Promotion Section of Embassy of Italy** (hereinafter referred to as “ITA”), aims to raise awareness and increase the import and consumption of the authentic “Made in Italy” products in Japan, by establishing a partnership with a large-scale retailer, such as supermarkets, convenience stores, department stores (hereinafter called “GDO” - Grande Distribuzione Organizzata).

ITA shall evaluate the “Expression of Interest (Eol) Letter” received from an interested GDO. A partnership agreement shall be defined based on the “Commitment Letter” to be submitted from a potential Partner. ITA can provide a financial contribution to the selected Partner, that shall be defined in proportion to the value of purchases and the number of Italian suppliers/brands, both existing and new, to be involved in the Project and must be dedicated **exclusively to the promotion and marketing expenses (offline and online)** realized by the Partner.

PRINCIPAL CONDITIONS REQUIRED FOR THE PARTNER

The Partner must achieve the following requirements:

- **Annual purchases from Italian suppliers (existing and new) have to be at least 6 times of the value of ITA's financial contribution. In other words, ITA provides financial contribution up to one-sixths of the expected annual purchases of the Partner from Italian suppliers (existing and new);**
- **Year-on-year increase of the purchases from Italian suppliers (existing and new) has to be at least 1.5 times of the ITA's financial contribution;**
- **With regard to the year-on-year increase of purchases from Italian suppliers (existing and new) at least 25% must come from “new” Italian suppliers;**
- **At least 25 % of the Italian suppliers involved in the Project have to be newly added by the Partner during the period of the Project;**
- **Only the purchases over €2,500 up to the value of 10% of total increase of the purchases will be taken into account to calculate the target for the year-on-year increase to be reached;**
- **The evaluation of these targets shall be calculated on the basis of ex-work prices in Italy (net price for the Italian suppliers) from both existing and new Italian suppliers/brands**

N.B. Further information described in r information in: Elements for agreement definition)

Process to define a Partnership Agreement

1) “Expression of Interest (Eol) Letter”

The potentially interested GDO must send an “Expression of Interest” Letter (Eol letter) to ITA with the following information:

Mandatory information:

- purchase value of products from Italian suppliers referring to the last available year and, where possible, to the two previous years;
- in the case of purchases on consignment, percentage of them on the actual sales (if applicable);
- list of all Italian existing suppliers (with Italian VAT number);
- number of markets where the GDO is operating;
- sales value in the last three years in the target market;
- shelf area dedicated to Made in Italy products;
- compliance with moral requirements;
- declaration of compliance with local environmental and corporate social responsibility (CSR) policies.

Optional information:

- distribution channels, their weight and breakdown by number and type of sales channels;
- examples of marketing and PR plan;
- distribution of Italian products by categories and by sales;
- planned budget for the promotion;
- availability to participate in business visits to major trade exhibition(s) in Italy during the promotion.

2) Commitment Letter

After the evaluation of the “Expression of Interest (Eol) Letter”, for the definition of the Partnership Agreement, ITA shall ask the Partner to provide a “Commitment Letter” with a detailed proposal, which includes the following elements:

- **Duration of the promotion plan;**
- **Target for the purchases from existing and new Italian companies/brands - at least 6 times the value of ITA's financial contribution**
 - calculation will be done on the basis of ex-works Italy (net price for the Italian suppliers);
 - consignment will be accepted if implemented with a minimum guarantee deposit;
 - introduction of exclusively “Made in Italy” products/brands and Italian suppliers with Italian VAT number and registered at an Italian Chamber of Commerce.
- **Target for year-on-year increase of the purchases from existing and new Italian companies/brands - at least 1.5 times of ITA's financial contribution);**
 - only the purchases/company of over € 2,500 up to the value equivalent to 10% of total increase will be considered in the evaluation of the target achievement (to ensure a balanced distribution of opportunities among Italian companies)
- **Promotion plan involving "new"(*) suppliers - at least 25% of the Italian suppliers must be new**
**“new” suppliers mean “new” to the Partner and not necessarily “new” to the market*
- **Target for total purchases from “new” Italian companies/brands - at least 25 % of the total year-on-year increase;**
- **Business missions in Italy**
 - normally during major industry fairs/events in Italy, both in collaboration with ITA and autonomous (The Partner's autonomous recruiting missions will be considered valid)
 - online b2b organized by ITA or the Partner's autonomous digital meetings with Italian companies will be also valid
- **Description of promotion plan, in-store, online, and digital PR activities;**
 - number of stores involved and coverage of target markets
 - creation of dedicated spaces/shelves, information/promotional materials, decorations, personnel involved, etc.;
 - promotion with press and launch event(s);
 - increase (%) in shelf space allocated to “Made in Italy” products in the 6 months following the conclusion of the promotion.

** ITA shall provide logo and other materials to be used in the promotion. (Usage of logo and other materials must be approved by ITA in advance.)*

***“Italian Sounding” products must not be included in the promotion supported with ITA's financial contribution. (Presenting an assortment of “Made in Italy” products and “Italian Sounding” products is inappropriate.)*

The Partnership Agreement requires warranty deposits (2%) and penalties for the Partner, both calculated on the basis of ITA's financial contribution, as well as early termination of the Agreement in case of the Partner's not-fulfilling the obligations.

Payment of financial contribution

- 1st payment, equivalent to 50% of ITA's financial contribution, upon signing of the Agreement;
- 2nd payment, equivalent to 25% at the launch of promotion;
- Remaining 25% after the receipt and verification of the Report.

Only the expenses related to the marketing, PR and promotion plan, including digital, approved by ITA can be eligible.

Unauthorized expenses:

ITA's financial contribution must not be utilized on the following:

- purchase of the products for the promotion;
- purchase of land, real estate, infrastructure, equipment, vehicles and furniture;
- costs of maintaining the Partner's own facility (rent, utilities, equipment);
- costs, travel, board and lodging expenses of the Partner's personnel, even for the implementation of the project;
- expenses for presence of company representatives during in-store promotion;
- expenses borne by importers and/or intermediaries.

Reporting

During the promotion, for the purpose of monitoring the progress of the Project, the Partner must send a report every 3 months, with data on purchase orders placed, retail sales (total and breakdown by each supplier/brand) and promotion on traditional / digital channels. The local office of ITA conducts spot checks at stores and digital channels.

The Report will consist of the following documentation:

- ✓ evidence of the promotion implemented: images, videos and photos of the stores involved;
- ✓ 3 copies of promotional and advertising materials, produced in collaboration with ITA;
- ✓ (Copies of) Self-certification, in accordance with local regulations, and/or receipts of expenses incurred;
- ✓ digital results (demographic, reach, engagement, clicks, impressions, conversion rate, etc.);
- ✓ total of purchase orders placed and its breakdown by each Italian company;
- ✓ detailed statement of total sales and its breakdown by each Italian company;
- ✓ comments on strengths, promotion opportunities and critical issues in activities with Italian companies and brands.

At the conclusion of the project, the Partner shall submit a **Final Report** with the detailed data on the purchases (total and breakdown by company), the total turnover resulting from the sales of Italian products (total and breakdown by company), the results and materials produced in accordance with the marketing and communication plan, and the results/evidence of the online activities.

Final Report must be submitted within 90 days after the end of the promotion.

Final Report submitted by the Partner must be certified by an external party, which - for reasons of commercial confidentiality - may also be the Partner's internal certifier/auditor.