

Rimini Fiera's procurement procedure is characterized by the quest for the maximum competitive advantage with a view to indispensable and reciprocal loyalty, clarity and cooperation with suppliers. In particular, the staff responsible for Rimini Fiera procurement procedure are obliged to not deny any potential suppliers with the necessary requisites the possibility of competing for a contract, adopting objective documentable criteria when choosing candidates. At Rimini Fiera, relations with suppliers are regulated by common principles and subject to constant monitoring.

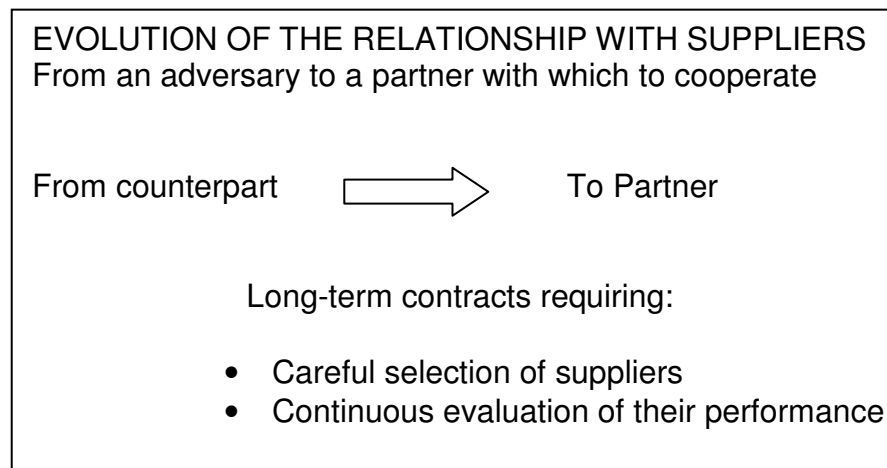
The process of procurement and control of products and services is based on a series of standard operating procedures that are interfaced with normal day-to-day activities.

The essential steps in procurement procedure are:

1. Identification of requirements
2. Description of the requirements, with an accurate definition of characteristics and quantities needed
3. Determination and analysis of possible suppliers
4. Determination of the price and consignment terms
5. Preparation and sending of the purchase order
6. Expediting reminders
7. Receipt and inspection/control of the goods
8. Invoicing and payment of the supplier
9. Recording of the documents and information

In recent years, there has been an evolution in the relationship with suppliers, who are no longer only evaluated from the point of view of the lowest possible price, but considered as "partners with which to cooperate", to achieve the optimum from the overall client - supplier system.

This evolution has put suppliers at the centre of attention, transforming them into fundamental elements for achieving a competitive advantage: for this reason, it is necessary to form a relationship of reciprocal trust, identifying areas of cooperation and drawing up contracts able to ensure that clients and suppliers can maintain their competitiveness through time.



The immediate consequences of this approach are:

- greater exchange of information between clients and suppliers
- reduction of overall stock
- careful selection and constant evaluation of suppliers, thanks to continual monitoring of their performance parameters

- changeover from one-off contracts, based essentially on price, to annual and long-term contracts, in which it is important to also evaluate aspects such as:
  - product innovation
  - process innovation
  - IT network
  - investment programs.

Precisely with a view to ensuring a profitable clear relationship with its suppliers, Rimini Fiera believed it was advisable to formalize and communicate the general lines of the process of procurement, selection and evaluation of suppliers, identifying specific procedures in the context of its own Integrated Management System for Quality and the Environment.

### **Payment of invoices and relative fulfilment**

Rimini Fiera only considers itself committed for products or services supplied following the raising of a written order issued by the Purchase Office and will arrange payment of products/services regularly preceded by the relative orders exclusively via **bank transfer 90 days from the date of the invoice**. No supplier is authorized to carry out and invoice services until it has received a purchase order. In order to ensure punctual payment, suppliers' invoices and transport documents must necessarily indicate the relative **order number** and **supplier code**. Moreover, if the supplier is a publisher, a proof copy of the ad page purchased must be attached to the invoice.

### **Qualification and evaluation of suppliers**

The process of qualification and evaluation of suppliers is only applied to some supplier categories: in particular to suppliers of products and services that affect the quality of the service(s) provided by Rimini Fiera.

This process is not applied to partners, to compulsory suppliers (for example the suppliers of partners and/or clients), occasional suppliers (not more than one supply per year), hotels and restaurants, suppliers of publicity/advertising (when managed by the advertising agency).

There are two types of evaluation:

1. preliminary evaluation of new suppliers
2. periodical evaluation of suppliers

The preliminary evaluation, necessary to understand if potential suppliers can meet the requirements of Rimini Fiera, foresees the following levels of qualification:

- **DQ** → when the supplier is still to be rated
- **Q** → when the supplier is considered suitable and therefore to be assessed
- **NI** → when the supplier is considered unsuitable
- **NQ** → when the supplier is not to be rated, such as: compulsory, partner, hotel or restaurant, supplier of publicity/advertising (when managed by the advertising agency).

The preliminary evaluation, carried out by the "preliminary supplier evaluation questionnaire" being completed by potential suppliers, is followed by the periodical evaluation of suitable suppliers used in the period in question.

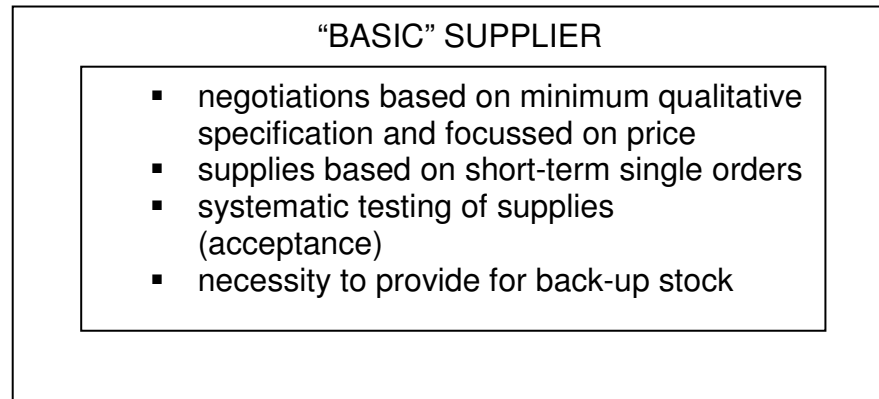
According to the type of supply relationship, Rimini Fiera identifies and groups suppliers to submit to periodical evaluation into three main classes, involving various evaluation criteria:

**Class III: Basic Suppliers**

**Class II: Integrated Suppliers**

## Class I: Partner Suppliers

While in an initial situation, all suppliers are, at least ideologically, in Class III, we shall later indicate the characteristics of the supply relationship that establish their inclusion in a specific class.



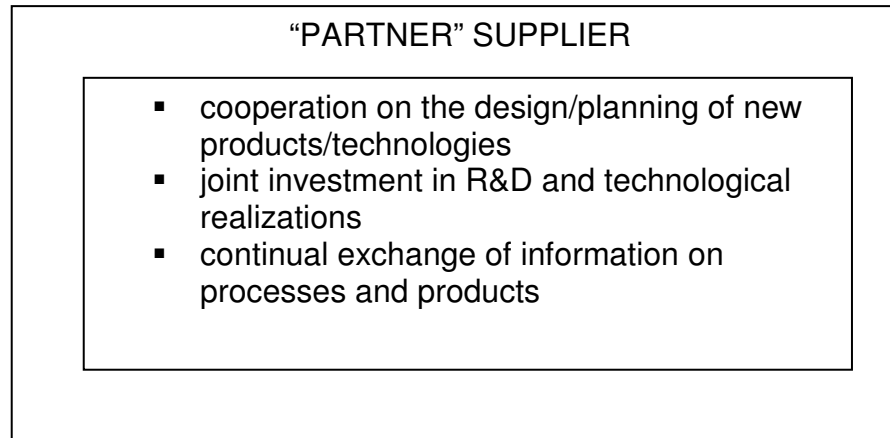
“**BASIC**” suppliers provide a product that is not particularly strategic, is easily replaceable and does not have a direct impact on the service to end clients, and once the minimum acceptable product or service qualitative specifications has been verified on the market, is assessed above all according to its price. As well as the price and the product’s intrinsic characteristics, other elements for evaluation are the supplier’s service, bureaucratic management and flexibility. It is advisable to have two or three suppliers simultaneously available for each product category, in order to have alternative sources and to have them compete on the price, as they are not given any guarantee on future supplies. The supplies are generally not of great critical importance and are ensured by means of the signing of a contract or purchase order (in some cases, possible penalties can be foreseen). Since the supplier is essentially only evaluated according to its output, the supply risk is the responsibility of Rimini Fiera, which does not know how “risk-prone” the supplier’s processes are, or if the supplier can ensure performance, quality and response to changes through time: this risk is controlled by means of the analysis of series of previous and market data (however, statistic sample tests can be run) and by means of back-up stock.

#### “INTEGRATED” SUPPLIER

- long-term relationship re-examined periodically
- possibility of oscillation of price on the basis of agreed criteria
- guaranteed quality (even with self-certification) on the basis of agreed criteria
- all-round responsibility for products supplied
- non control for acceptance
- direct supplies to the departments without buffer stock
- frequent supplies, in small batches, in the context of open orders
- systematic improvement of the quality of the service

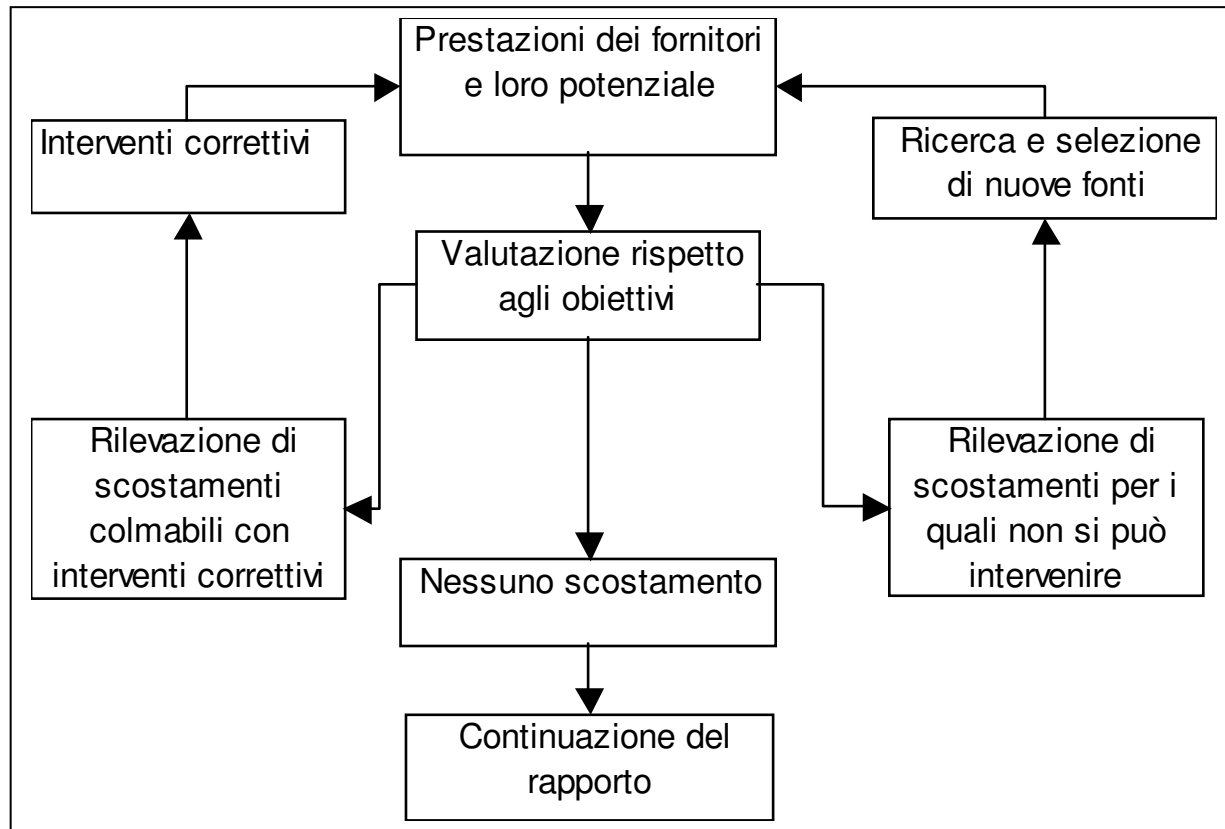
“**INTEGRATED**” suppliers know the aim of their supplies and therefore the function their performance must accomplish: according to this, they assume all the responsibility for the consequences of any non-compliance of the supply. Integrated suppliers supply a product or service directly to exhibitors or visitors, or with a high strategic impact on Rimini Fiera. The fundamental difference compared to “Basic” suppliers is in their responsabilisation regarding the good outcome of supplies to end clients: for this reason, they are not made to compete with others whenever a purchase is necessary and the conditions of their relationship are examined yearly, on the basis of the results of the purchase marketing: when an interesting alternative supplier is found, replacement is not automatic, but attempts are made to recover the integrated supplier, helping it to reach the level of its competitor. Prices can be governed by automatic oscillation mechanisms (for example, based on the cost of raw materials, labour or the cost of living). For the aforementioned reasons, Rimini Fiera is concerned with suppliers continually increasing their expertise, even encouraging suppliers’ continual growth and improvement with direct intervention. As well as aspects foreseen for

“Basic” suppliers”, the evaluation of “Integrated” suppliers also analyzes suppliers’ “in-house” capacities, to verify how they can “guarantee” products/services for client companies with their capacities and processes



Suppliers are included in the “**PARTNER**” class when they contribute to the organization of joint business: the product or service provided is based on and contains technologies of the suppliers that, for this reason, must undergo careful analysis and evaluation. It is fundamental to reach strategic agreements between the parties and the development of the capacity to plan “systems” within Rimini Fiera, with a view to assigning the supplier the development of some products or services. In the relationship with “Partner” suppliers, there are business aspects companies have in common (strategies, markets, systems, resources, etc...): to obtain the utmost advantage from them, one cannot leave out of consideration the exchange of information and immediate feedback, in order to assess and carry out the necessary changes.

The following diagram sums up the process for the evaluation of suppliers’ performance in a schematic manner:



The process for the selection and evaluation of suppliers is founded on some basic inspiring principles:

1. the evaluation of suppliers' performance must not be considered in absolute sense, but must be linked with the class to which they belong and the objectives of the client/purchaser;
2. there must be continuative constant cooperation through time between suppliers and clients, to fill the variance between performance and objectives with corrective action;



3. The evaluation process that checks consistency and performance is periodical and constant.

With the changeover to a relationship of cooperation between suppliers and clients, as well as the elements of evaluation such as price and product quality (intended as compliance with specifications), other components have now become equally important, such as the standard of service offered, so much so that price and product compliance are conditions necessary for remaining on the market, whereas the competitive difference depends on the service offered to clients. These elements go beyond one-off supplies, which must give the idea of suppliers' ability to also meet clients' requirements in the future.

Bearing in mind the importance played by supplies in providing the service to end clients, constantly increasing objectivity is necessary in evaluation, using a points systems based on parameters that can be measured in a quantitative manner.

For this reason, Rimini Fiera has drawn up an evaluation system that is not based exclusively on the experience of the purchaser, but on parameters that can be measured in a quantitative manner, to eliminate (or limit) the subjective elements in the evaluation process.