

**RAI COM SPA**

*COMPETITIVE COMPARISON FOR THE AWARDING OF DISTRIBUTION AND SALES PROMOTION SERVICES WITHIN THE BOOKSHOP, LARGE-SCALE RETAIL TRADE, ECOMMERCE AND EDITORIAL WAREHOUSE CHANNELS*

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**TECHNICAL SPECIFICATIONS**

**COMPETITIVE COMPARISON FOR THE AWARDING OF DISTRIBUTION AND SALES PROMOTION SERVICES WITHIN THE BOOKSHOP, LARGE-SCALE RETAIL TRADE, ECOMMERCE AND EDITORIAL WAREHOUSE CHANNELS**

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#### 1. GENERAL INDICATIONS

Rai Com - a company of the RAI Group - is interested in marketing publishing products (books and occasionally magazines and/or agendas, with inclusions such as DVDs or audio CDs) throughout Italy through bookshops, large-scale retail trade, wholesale and e-commerce channels, and in this context, as part of the portfolio of services offered to its customers, RAI COM is interested in looking for a distributor and a promoter for the above-mentioned channels to carry out these activities.

The duration of the supply is set at 24 (twenty-four) months and shall be tacitly extended for the following 24 (twenty-four) months, unless terminated by either Party no later than 180 (one hundred and eighty) days prior to the expiry date of the contract.

Everything envisaged in these Technical Specifications shall be included in the Economic Offer submitted (see Economic Offer Document).

##### 1.1 Definitions

In order to make the Document easier to read, the most frequently used definitions are given below.

- **Technical Specifications:** this Document.
- **Competitor:** the Participating Company.
- **Supplier:** the company awarded the contract to perform the services described in this Document.
- **Supplier Account:** the subject, established by the Supplier for communication and interchange with Rai Com.
- **Service Fee:** the contractual fee that is determined on the basis of the sales volume to which the supplier's percentages shall be applied as set out in the Economic Offer.

All regulations existing to date and to be defined in the future shall apply to the services covered by this Document, which the supplier undertakes to observe with no economic effect unless expressly provided for by law to Rai Com.

##### 1.2 Document Structure

These Technical Specifications consist of the following parts.

- **PART ONE** consisting of this section of the Document, which describes the scope of supply and lays down some general conditions.
- **PART TWO** that:
  - describes the specifications of the requested services;
  - defines the applicable service levels;
  - discriminates the domains of competence of the parties involved in the provision of the contracted services.
- **PART THREE** that contains complementary information for the benefit of Competitors.

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#### **1.3 Supplier Account**

Once the contract has been awarded, the Supplier shall indicate its own figure, hereinafter referred to as "**Supplier Account**", who shall act as interface for Rai Com as appropriate. The Supplier Account shall be the Supplier's point of contact towards Rai Com (or third parties appointed by it) with reference to the services covered by the Technical Specifications and for the entire duration thereof, as well as the highest contact point in the event of problems.

It will therefore be responsible for:

- the management of relations with Rai Com;
- the achievement of the agreement performance objectives (delivery of services in accordance with the required specifications);
- the coordination of the management and control activities of the requested services, of the activities inherent to the entire distribution phase, and in general of all the activities contractually foreseen to be carried out by the team of resources dedicated to them;
- the application of the agreed procedures and methodologies and the proper functioning of the processes in place;
- the participation in regular meetings, at intervals to be defined, with representatives of Rai Com, in order to provide updates on the progress of service delivery and to share any corrective action that may be necessary to comply with the established deadlines.

#### **1.4 Activation of the supply**

During the activation phase of the services covered by this Document, the Supplier shall endeavour not to cause Rai Com any disruption beyond what is technically unavoidable.

#### **1.5 Termination of supply**

By the end of the agreement, the Supplier shall undertake to adequately support Rai Com in the handover phase to a possible new (successor) Supplier or to Rai Com own personnel. To this end, the Supplier shall undertake not to cause RAI COM any disruption beyond what is technically unavoidable in the state of technology and contingent situations, thus guaranteeing its utmost cooperation in order to facilitate the take-over of the services by the new Supplier/Rai Com personnel, until the complete migration of all existing services. Any costs inherent in a change of distributor, during or at the end of the agreement period, are included and cannot be the subject of economic negotiations with Rai Com. As the expiry of the contract approaches, the Supplier shall also:

- deliver, within 90 (ninety) working days from Rai Com request, the documentation concerning the activities in progress and the reports on the material handled;
- participate in any meetings organised by RAI COM at its own premises or in telematic mode with a minimum of 5 (five) working days' notice.

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## **PART TWO - SUPPLY CHARACTERISATION**

### **2. SUPPLY CHARACTERISTICS**

It shall be the Supplier's obligation to provide the service that enables Rai Com to guarantee to the public the purchase of its edited and co-edited products within the following channels: Bookshops, Large-Scale Retail Trade, E-Commerce and Wholesale, including but not limited to the products listed below:

- publishing products: magazines, books;
- Occasionally books with inclusions such as DVDs or audio CDs.

#### **2.1 Distribution activities**

It shall be the obligation of the Supplier to provide the following activities for **distribution**:

- prepare distribution plans for new releases and reprints;
- carry out all operations necessary for distribution with the utmost diligence as far as the organisation is concerned;
- guarantee at least two novelty launches per month except for August and December;
- receive and check orders;
- ship, transport and deliver the volumes to the POS (Bookshops, Large-Scale Retail Trade, Wholesalers, E-commerce) within the agreed timeframe;
- manage the issue of invoices to customers;
- carry out all operations necessary for the management of customer returns authorised by the promotional network or Rai Com. For example: receive packages, check and sort volumes, credit returns, return goods to the publisher;
- provide data (in copies and value) of supplied, returned, sold, sell out data (copies and value), with details by individual title, customer, with the possibility of online consultation;
- provide on request data reports (in copy and value) of supplied, returned, sold, with details by individual security, customer or selected groups;
- provide data on inventories, sales and bookings with the possibility of online consultation, organised in interactive reports and updated daily;
- carry out shipping, transport and delivery of promotional materials to customers within the agreed timeframe on the basis of as agreed with Rai Com for each individual initiative;
- manage the stock of goods at no extra cost for the first 24 months of the contract. As from the 25th month, the goods in stock must not be less than 6 months of sale. If the above parameter is exceeded, RAI COM shall have the right to demand the shredding, the return of the surplus quantities or to leave them in storage at the rate set out in the list of ancillary services;
- carry out the shredding of the defective volumes and/or volumes for which RAI COM will have made a written request for shredding, carrying out all practical and administrative activities;
- place replenishment and reservation orders for new titles;
- manage receivables from customers (Bookshops, Large-Scale Retail Trade, E-Commerce, Wholesalers);
- Customer business conditions can be consulted online and exported to file;

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- Order book consultation with daily update by individual title, copy, customer;
- Provide a statement with the details of the returned/sold goods by the 2nd working day after the end of the reference month in order to allow RAI COM to issue the invoice;
- maximum additional deferment of payment times granted to customers of 65 days. For example, if customer supply is made with payment at 60 days, balance at RAI COM at 125 days end of month invoice date;
- The supplier will issue monthly statements detailing the activities incurred. Upon acceptance of the invoice, which will take place no later than 5 days after receipt, RAI COM will send the supplier an Implementation Contract the protocol number of which must be indicated on the invoice with payment by RAI COM at 60 days end of the month date of the invoice;
- List of optional ancillary benefits:

Optional ancillary benefits	Basic fee: Cents € / copy
Direct customer supply	0.363
Gifts	0.363
Return Publisher, Trade fair supplies	0.363
Shredding from whole pallets	0.010
Total publisher return for contract expiry	0.10
Price Change (realisation and application of label)	0.07
Label Removal	0.09
Book jacket	0.12
Book jacket Removal	0.09
Cellophane	0.05
Extraction from mixed pallets for shredding	0.07
Foreign coupons	0.73
Clearance of sales	0.06
Exceeding month/copy stock parameters	0.010

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#### **2.2 Promotion activities**

It shall be the obligation of the Supplier to provide the following activities for **promotion**:

- prepare a commercial calendar for new and reprint booking cycles that includes at least five annual sales rounds;
- present new products, reprints and catalogue reissues to customers;
- collect bookings and orders;
- prepare reports - which can be consulted online and exported to files - on new and reprint bookings with details of title, customer;
- transmission of orders and bookings for processing;
- consistent with market indications, the promotional network will operate in order to meet the customer supply forecasts agreed with Rai Com;
- provide the supply forecast at the launch of new products on booking, if necessary;
- provision of sell-out data by security with details by individual customer with the possibility of online consultation;
- newsletter service to customers to support promotional actions;
- inspection service at chain POS operating as central purchasing points, if necessary;
- provision of monthly sales statements, no later than the 2nd working day following the end of the reference month, on the basis of which the fee will be calculated. Upon acceptance of the invoice, which will take place no later than 5 days after receipt, RAI COM will send the supplier an Implementation Contract the protocol number of which must be indicated on the invoice with payment by RAI COM at 120 days end of the month date of the invoice.

#### **2.3 Ancillary promotion activities**

- Possibility of including Rai Com in groups of publishers to benefit from special collective discounts for marketing activities, POS promotion and/or promotional media and services. A minimum discount of 20% on the official list prices of the chain promoting the initiative is required.
- Manage the promotion of the volume through marketing activities with book chains offering the supplier a discount of at least 20% on the list price.

#### **2.4 Characteristics of the Promotional Network**

- composed of a minimum of twelve promoters;
- at least one resource should be dedicated to large management customers with purchasing centres;
- a quota of 25% of the sales force is allowed for multi-firm agents;
- an expert resource for the e-commerce channel;

#### **2.5 Terms of business to customers**

- The basic channel discount conditions shall not exceed the following summary:

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	<i>% Discount Turnover</i>
<i>Channel</i>	
Independent and other chains	40.80%
Centralised Chains	48.00%
On-line	47.00%
Wholesale	45.50%
Bookshop	50.00%
Comic shops	41.80%
Large-scale retail trade	52.00%
Large-scale retail trade wholesalers	52.00%

- More favourable conditions, such as over-discounts or longer payment extensions, are to be agreed with Rai Com upon exceeding the 5% over-discount granted with at least 48 hours' notice and upon exceeding the 30-day extension; if not agreed with Rai Com, the more favourable conditions shall be borne by the promotional network;
- Conditions granted to customers can be consulted online and exported to file;
- Any agreements for the provision of additional services in favour of the E-commerce channel (e.g. Amazon) or other channels, concerning Avs services, automated marketing, etc., shall be approved in advance in writing by Rai Com. The supplier undertakes to submit the relevant quarterly statements, following which corresponding credit notes will be issued.

#### 2.6 Customer Returns

- According to market custom and practice, the Promoter Network may authorise customers to return books.
- For any special situation, not falling within the above-mentioned custom, the network of Promoters shall be authorised by Rai Com.

#### 2.7 Available Data and Data Services

- The 'Business Intelligence' service for RAI COM (research and analysis of sales and market data);
- The development of sales and returns to customers in copies and value with details by individual title/customer can be consulted online;
- Data report (per sales round) on bookings, new releases and reprints by region and province, available online;
- Monthly report, by the fifth day of the following month, of catalogue sales and returns, new and reprints, in copies and gross and net value, with details for individual customers.



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#### **3. Order Preparation and Delivery Times**

The Awarded Supplier shall:

- be able to prepare replenishment orders in 1 working day;
- ensure delivery times to provincial capitals in 1 working day excluding southern Italian islands (3 days) and outlying provincial capitals (2 days) from receipt of order;
- simultaneous delivery of novelties in the main provincial capitals.

In this regard, it is requested at the time of submission of the offer to enclose a detailed list of delivery times per capital city and for provincial locations.

With regard to the services covered by the Contract, the supplier hereby declares from the outset to comply with all legal obligations to the fullest extent possible and to adapt to any changes in the law that may occur during the term of the Contract.

#### **4. ASSISTANCE SERVICES**

##### **4.1 Customer service**

The successful supplier shall, as from the date of activation of this contract, provide customers with a telephone number and e-mail address dedicated to customer service. Furthermore, it undertakes to promptly notify Rai Com of any reports of anomalies found on products, as well as reports and complaints related to distribution and promotion activities.

##### **4.2 Web platform for sales statistics**

By means of profiled access with login and password, the Awarded Supplier shall make available all data on sales, stock and bookings of individual titles or products, organised in interactive reports as well as all customer turnover data such as: new launch, restocking, returns, master discount, average discount, master payment days.

The above data should be available every day with an update (if possible) to the previous day. Turnover data should be available in both copy and value terms.

All data uploaded onto the platform must also be made available in a processable format (e.g: .csv, .xls, .txt).

##### **4.3 Service conformity checks**

Within 30 (thirty) working days from the receipt of the reports referred to in the following section 4.4, Rai Com shall be able to carry out conformity checks on the services provided.

##### **4.4 Monthly report and related obligations of the Supplier**

The Awarded Supplier undertakes to submit monthly turnover statements to RAI COM within two calendar days from the last day of the reference month, in accordance with the

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invoicing and payment procedures set out in points 2.1 and 2.2 above. In particular, the Supplier shall indicate in detail:

- Supply/return data by title and type of supply;
- File supplied/returned/sold per customer.

The payment of editorial VAT will be the responsibility of Rai Com.

### **PART THREE - ADDITIONAL INFORMATION FOR THE BENEFIT OF COMPETITORS**

#### **5. FURTHER INFORMATION FOR COMPETITORS**

**It is emphasised that the information contained in this document and in the scheme below is in no way binding on Rai Com, nor does it constitute any present or future commitment for Rai Com. These data represent the best of the knowledge and information currently available to Rai Com, based on the historical data in its possession and past experience.**

- **Sold RAI Com 2021 net of cover price returns: Euro 2,000,000**

**Percentage Returns 2021: 45%.**

**Titles published in the year 2021: 18**

**Total value distribution + promotion 2021: Euro 230,000**

**Total value distribution 2021: Euro 133,400 (58%)**

**Total promotion value 2021: Euro 96,600 (42%)**

- **Sold RAI Com 2022 net of cover price returns: Euro 1,150,000**

**Percentage Returns 2022: 58%.**

**Titles published in the year 2022: 19**

**Total value distribution + promotion 2022: Euro 138,000**

**Total value distribution 2022: Euro 80,000 (58%)**

**Total promotion value 2022: Euro 58,000 (42%)**