

# *Consorzio del Formaggio Parmigiano-Reggiano*

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*Sede: Via J. F. Kennedy, 18 - IT 42100 Reggio Emilia - Cod. Fiscale P. IVA 00621790351  
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## **HEADING I – NAME – HEADQUARTERS – DURATION – PURPOSE – TASKS – OPERATIVE AIMS**

### **Art. 1**

#### **SETTING UP AND NAME**

The “Consorzio del Formaggio Parmigiano-Reggiano” is a voluntary Consortium set up in compliance with articles 2602 to 2615 bis of the Italian civil code and article 14 of Law no. 526 of 21/12/1999.

### **Art. 2**

#### **HEADQUARTERS**

The Consortium’s headquarters are in Via J. F. Kennedy n. 18, Reggio Emilia.

### **Art. 3**

#### **DURATION**

The duration of the Consortium is until 31 December 2030. At the expiration date above, the duration of the Consortium can be extended by the extraordinary General Meeting of the Delegates, with the favourable vote of the majorities required - including in second call - for the approval of resolutions. In case of extension, absent or dissenting members of the Consortium at the Meetings of provincial offices are entitled to withdraw.

Withdrawal notification shall be given within 60 days from approval of the extension resolution.

### **Art. 4**

#### **PURPOSE**

The Consortium is a non-profit association and is expressly forbidden to distribute any profits, which shall be reinvested in compliance with article 17 herein below.

In full compliance with the national and EU rules in force, the Consortium has the following purposes:

- a) safeguard the designation of origin of "Parmigiano-Reggiano" cheese, including its translations into foreign languages, of the geographical terms, whether they

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- are combined or separated and in any other form, in compliance with article 13 of EEC Regulation no. 2081/92;
- b) actively control the production and marketing of "Parmigiano-Reggiano" cheese, in co-operation with the Central Anti-Fraud Body of the Ministry of Agriculture and Forests;
  - c) enhance the production of "Parmigiano-Reggiano" cheese;
  - d) promote, spread and make known the Designation of Protected Origin and the marks reserved to it, aimed at the general protection of interests relating to such designation;
  - e) promote the consumption of "Parmigiano-Reggiano" in Italy and abroad, as well as the development and support of every and any initiative, also of a commercial nature, aimed at enhancing "Parmigiano-Reggiano" cheese and increasing its image and reputation, including by holding shares in and setting up companies or co-operative associations.

## Art. 5

### TASKS

In the framework of activities aimed at pursuing its purposes, the Consortium performs the tasks that are necessary and appropriate to take care of the general interests of the "Parmigiano-Reggiano" Designation of Origin, in particular:

- a) it defines the "Parmigiano-Reggiano" production policy, by establishing the Production Standards and relevant Regulations, by supporting the possible amendments to be submitted to the competent Bodies for approval;
- b) it holds the marks of the "Parmigiano-Reggiano" DPO and the collateral or corresponding marks, as well as the indications registered in compliance with the law and grants their use to the parties entitled in accordance with EEC Regulation no. 2081 and other legal provisions;
- c) it exercises and promotes every action before any body and court, at the national and international level, relative to the protection and safeguard of "Parmigiano-Reggiano" cheese, joining prosecution before any courts or authority as bearer of the interests of the Consortium members who produce "Parmigiano-Reggiano" DPO cheese;
- d) it exercises and promotes every action before any body and court, at the national and international level, relative to the protection and safeguard of the marks and indications of which it is the only holder and depositary;
- e) it provides for the exclusive application of the distinctive "Parmigiano-Reggiano" DPO mark on the cheese wheels produced by the Consortium

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- members and by the persons entitled that are included in the control plan of the Authorized Body;
- f) it enforces the provisions for the invalidation of marks of origin in accordance with the Marking Regulation included in the Production Regulations;
  - g) it orders the withdrawal of the marks of origin or the enforcement of sanction measures in case of breaches of the Production Regulations and of article 1 of Ministerial Decree no. 410 of 12/09/2000;
  - h) it carries out activities of protection, control and safeguard of the "Parmigiano-Reggiano" DPO at each and every stage of the supply chain: production of the raw material, processing, packaging and trading of cheese, in accordance with article 14 of Law no. 526 of 21/12/1999 and subsequent possible amendments and supplements;
  - i) it makes sure that similar products, including the ones bearing false indications relating to product origin, type, nature and specific features, do not cause confusion for consumers or do not harm the "Parmigiano-Reggiano" DPO;
  - j) it checks the correspondence between the quantity of protected product subject to the inspections of the Authorised Body and the quantity put on the market;
  - k) it performs all the tasks and activities that may be required by the Regions, by the State and the European Union;
  - l) it favours the resolutions envisaged by article 11 of Law Decree no. 173 of 30/04/1998 relating to agreements in the agri-food system.

## Art. 6

### OPERATIVE AIMS

In fulfilling its tasks, the Consortium also provides for:

- a) proposing and implementing, within the limits of its competence, all the initiatives aimed at the technical, qualitative and economic improvement of "Parmigiano-Reggiano" cheese, to safeguard its typicality and specific characteristics;
- b) assisting Consortium members, giving them appropriate directions, so that they can produce cheese that complies with the qualitative level requested for "Parmigiano-Reggiano";
- c) promoting and implementing all the initiatives aimed at improving every production step, by offering its co-operation, including the provision of technical services;
- d) promoting the vocational training of the personnel involved in the production of "Parmigiano-Reggiano", also organising specific courses;

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- e) favouring, organising and participating in initiatives aimed at enhancing "Parmigiano-Reggiano" and increasing its fame, image, reputation, circulation and consumption in Italy and abroad;
- f) setting up appropriate bodies, acquiring shareholding in bodies, companies or agencies that may, in any way, favour the achievement of the Consortium's aims;
- g) fulfilling all the tasks and activities that may be required by the European Union, by the State and by the Regions;
- h) co-operating with the designated Control Bodies and/or authorised private bodies that have the duty of making sure that the "Parmigiano-Reggiano" cheese bearing the Designation of Protected Origin complies with the specifications contained in the Production Regulations in accordance with EEC Regulation no. 2081/92 and possible successive legal provisions;
- i) within the framework of the monitoring on the production and trade of "Parmigiano-Reggiano", undertaking any actions - including legal ones - aimed at the rigorous protection of designation, distinctive indications and marks, as well as the suppression of abuses and irregularities by any parties, the prevention and suppression of offences or acts damaging the DPO, the Consortium and/or the Consortium members, with the expressed faculty to claim for damages suffered.

## **HEADING II – PRODUCTION AREA AND CHEESE CHARACTERISTICS**

### **Art. 7**

#### **PRODUCTION AREA AND CHEESE CHARACTERISTICS**

The production area of "Parmigiano-Reggiano" cheese consists of the territories of the provinces of Parma, Reggio Emilia, Modena, Bologna (on the left bank of the river Reno) and Mantua (on the right bank of the river Po).

The production area and the product characteristics are defined in the Production Regulations.

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## **HEADING III – PROVINCIAL OFFICES AND PERIPHERAL STRUCTURES**

### **Art. 8**

#### **PROVINCIAL OFFICES**

The Consortium has Provincial Offices in each of the provinces of Parma, Reggio Emilia, Modena, Mantua and Bologna, whose characteristics and operations are governed by articles 23 and subsequent ones herein, and by the Consortium Procedures.

### **Art. 8 bis**

#### **PERIPHERAL STRUCTURES**

The Consortium Management Board is entitled to establish, modify or abolish peripheral structures, branches, agencies and representation offices both domestically and abroad.

## **HEADING IV – MARK, INDICATIONS AND THEIR APPLICATION**

### **Art. 9**

#### **PRODUCT IDENTIFICATION**

The origin of "Parmigiano-Reggiano" cheese and the essential data of the provision recognizing its designation will be proven by specific marks and indications applied on the wheels, according to the rules established in the Marking Regulation that is an integral part of the registered Production Regulations.

### **Art. 10**

#### **HOLDING AND POSSESSION OF MARKS**

The Consortium is the exclusive and only holder and depository of the marks, as specified in article 9 and of other marks that have been duly registered and that will be registered in the future, that can be applied on "Parmigiano-Reggiano" cheese in accordance with the rules envisaged in the Marking Regulation.

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## **Art. 11**

### **USE BAN**

The subjects forming part of the supply chain are strictly forbidden to use the "Parmigiano-Reggiano" DPO mark or any designations, models, patents and indications other than the ones permitted by the Consortium of "Parmigiano-Reggiano" cheese. The Consortium members are forbidden to use the Consortium name, without the prior written authorisation of the Management Board, on any printed or advertising material, or to reproduce the Consortium marks and distinctive indications.

The mark can be applied to the packs of "Parmigiano-Reggiano" having the characteristics established by the Production Regulations and inspected by the authorised Control Body, with the Consortium's authorisation and licence for use. The subjects forming part of the supply chain are expressly forbidden to use, register, have somebody register, utilize in any way, both in Italy and abroad, marks or other distinctive indications or names that may in any way evoke, recall and be mistaken or create confusion with the marks, distinctive indications and names held by the Consortium. They are also forbidden to use designations that may be misunderstood and that, in any way, may recall "Parmigiano-Reggiano", translations, dialect expressions, abbreviations, etc. of this designation.

## **HEADING V – CONSORTIUM MEMBERS**

## **Art. 12**

### **CONSORTIUM MEMBERS**

The following subjects of "Parmigiano-Reggiano" cheese supply chain are eligible for becoming members of the Consortium:

a) milk producing farmers having their breeding farms within the production area and whose milk is destined to the production of "Parmigiano-Reggiano" DPO cheese. Milk producing farmers can be represented by associations, established in compliance with the law, of milk producing farms whose breeding farms are totally located inside the production area and whose milk is destined to the production of "Parmigiano-Reggiano" DPO cheese.

Farms must provide a specific written permit for representation to the association;  
b) "Parmigiano-Reggiano" dairies whose plants are located within the production area and have the certificate of conformity issued by the Control Body or other competent

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body;

c) companies maturing and/or grating "Parmigiano-Reggiano" DPO cheese that hold the product until the completion of the maturation period established by the "Parmigiano-Reggiano" DPO Regulations and having their stock-houses or plants within the production area, and the certificate of conformity issued by the Control Body or other competent body.

All Consortium members must prove to have the product and shall be subject to inspections by the Control Body or other competent body.

## Art. 13

### APPLICATION

The application to become a member of the Consortium must be submitted in writing to the competent Provincial Office.

This application must contain:

- a) the information identifying the individual concern, or the name and legal status of the company, the company's registered office, the personal data of the company's owner or legal representative, the nature and characteristics of the activity carried out, the number and description of production units with relevant characteristics.

If the application is submitted by a Company or Corporate Body, it must enclose a certified copy of the Memorandum of Association, of the Articles of Association and of the resolution passed by the management body approving the presentation of such application;

- b) the declaration that the applicant has examined and is fully aware of the contents of the Articles of Association, Production Regulations and other Consortium Regulations and that the applicant undertakes to respect them and to comply with the obligations contained therein and with all the resolutions passed by the Consortium Bodies;
- c) the indication of the relevant professional category in accordance with article 12 above.

The Consortium member holding, including just for benefit title, several units for the processing of milk into "Parmigiano-Reggiano" (Dairies) shall pay as many registration fees as the number of production units owned. The Consortium member holding several production units, be they located within the territory of competence of the same Provincial Office or of different Offices, shall submit an application to every Provincial Office where the production units are located, specifying that he/she is already a Consortium member and of which Provincial Office he/she is already a member. Every Consortium member participates in the activity of the Provincial Office where

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his/her production unit is located, based on the quantity of cheese produced in the production unit for the processing of milk into "Parmigiano-Reggiano" (Dairy) located within the territory of the Provincial Office.

Subject to the opinion of the competent Provincial Office, the Management Board resolves on the application.

The admitted corporate bodies are represented within the Provincial Office and the Consortium by their temporary legal representatives.

Full membership of the Consortium becomes effective with the registration in the Register of Members and as soon as the applicant has paid the registration fee. Membership of the Consortium is forbidden to bankrupts or, anyway, people/companies involved in bankruptcy proceedings, and companies having interests conflicting with those of the Consortium's.

Minors, disabled and disqualified people are allowed to be members of the Consortium with the authorisations envisaged by the Law and through their representative.

## **Art. 14**

### **DUTIES OF CONSORTIUM MEMBERS**

The Consortium members are obliged to:

- a) comply with the Articles of Association, the Production Regulations and other Regulations adopted by the Consortium;
- b) abide by and respect the resolutions adopted by the Consortium Bodies;
- c) pay the fees and contributions to the Consortium established in these Articles of Association;
- d) offer to the Consortium Bodies all the necessary or useful co-operation to pursue the purposes and aims of the Consortium;
- e) refrain from behaving in ways that are inconsistent with the status, discipline and activity of the Consortium;
- f) allow any form of inspection required for the implementation of the purposes and objectives of the Consortium and/or aimed at ascertaining the correct fulfilment of the obligations undertaken;
- g) submit to the inspection activities carried out by the competent Bodies, in accordance with EEC Regulation no. 2081, or, anyway, having the task of guaranteeing compliance of the "Parmigiano-Reggiano" cheese bearing the Designation of Protected Origin with the Regulations.

The premises of the production units destined to "Parmigiano-Reggiano" cheese (Dairies) must be built and/or designed in such a way to enable the Consortium Bodies to perform the relevant controls.

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In any case, several production units destined to the production of "Parmigiano-Reggiano" cheese (Dairies) holding different dairy identification numbers are not allowed to have joint, contiguous or neighbouring premises.

## **Art. 15**

### **RIGHTS OF CONSORTIUM MEMBERS**

The Consortium members are entitled to:

- a) take part in the Consortium activity, based on the programmes approved by the Consortium, and cast their vote in the Meetings of Provincial Offices in compliance with articles 22 to 28 of the Articles of Association;
- b) use, with the prior consent of the Consortium, the marks and indications on the cheese they produce, by applying such marks and indications in compliance with the rules in force, the provisions of these Articles of Association, the Production Regulations, the Marking Regulation and other Regulations and Provisions issued by the Consortium;
- c) receive the assistance of the Consortium relating to all the topics dealt with in these Articles of Association.

Every production unit destined to the processing of milk into Parmigiano-Reggiano cheese (Dairies), held by the Consortium member, is entitled to its own identification number.

## **Art. 16**

### **WITHDRAWAL, FORFEITURE AND EXCLUSION**

Consortium members are allowed to withdraw from the Consortium only after two years from their admission date, unless one of the conditions specified below occurs. If, in the three months preceding the completion of the two-year period from the admission date, the Consortium does not receive a withdrawal notice, as per this article and in the ways specified below, the Consortium member shall not be allowed to withdraw for another two years starting from the date of completion of the first two-year period and so on and so forth.

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The right of withdrawal can be exercised by sending a relevant notice via registered mail with advice of receipt to the President, at the headquarters of the Consortium, at least three months prior to the completion of the two-year period during which the Consortium member is not allowed to exercise such right of withdrawal, or during the successive two-year periods, as specified above.

The Consortium member is allowed to withdraw before the set two-year period in the event he/she has stopped his/her activity.

The Consortium member shall fall from such capacity in the event he/she loses the requirements for admission specified in article 12.

Forfeiture is resolved by the Management Board within twelve months from the Consortium learning of the loss of the requirements established in article 12. Withdrawal and forfeiture are effective from 31 December of the year when withdrawal has taken place or has been pronounced in compliance with the previous paragraphs. The withdrawn or forfeited Consortium member is obliged to pay all the fees and contributions due up to the above-mentioned 31 December in the case that, following the withdrawal or forfeiture, such member stopped production. In the event the Consortium member should continue production (in compliance with the set prerequisites) despite withdrawal or forfeiture, such member shall continue to pay the contributions established by the law until the actual end of any production activity.

The Consortium member can be excluded from the Consortium with resolution of the Management Board if the member:

- a) commits serious breaches or infringements of the Articles of Association or Regulations and if, in particular, with his/her behaviour causes harm to the Consortium, to its reputation or if he/she damages its work;
  - b) is short in payment for over six months with regard to fees, contributions and any other amount due to the Consortium;
  - c) is adjudicated to be bankrupt or is undergoing a bankruptcy procedure.
- It is possible to appeal against forfeiture and exclusion decisions within 30 days of the date of notification of the said forfeiture and/or exclusion, by means of Arbitration as per article 55 below.

The member subject to withdrawal, forfeiture or exclusion is not entitled to the reimbursement of the Consortium fees paid to date.

The member subject to exclusion must pay proved damages, without prejudice to the application of the penalty established in accordance with article 54.

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## HEADING VI – CONSORTIUM FUND - MANAGEMENT – BALANCE SHEET

### Art. 17

#### CONSORTIUM FUND

The "Consortium Fund" consists of an unlimited number of shares having a value of at least 1,000 (one thousand) Euro per Consortium member.

The net equity fund is determined, at the end of the business year, by the algebraic addition of:

- fund initially paid during the setting up of the Consortium;
- fees paid by the Consortium members;
- possible new capital account payments resolved by the general meeting of Consortium members;
- economic results of the annual balance sheets (management surpluses and losses);
- positive or negative extraordinary items that do not refer to the ordinary management, such as voluntary contributions paid by the Consortium members or third parties (public or private bodies) and possible legacies or donations.

Eventual operating profits shall be reinvested - in investments or initiatives re-entrant in the purpose of the Consortium - within the second year following the one producing the aforementioned profits, subject to setting aside such profits in an appropriate reserve fund.

### Art. 18

#### MANAGEMENT RESOURCES

The management requirements are met by means of:

- a) annual contribution due for the management of the activities of protection, promotion, enhancement, consumer information and general care of the "Parmigiano-Reggiano" DPO, including the use of marks making up the DPO;
- b) revenues from possible services offered;
- c) contributions to the management from public or private bodies.

The extent of contributions, as per letter a), is determined by the Management Board and ratified by the General Meeting of the Delegates proportionately to the quantity of product inspected and/or certified by the Control Body.

For the categories of "milk producing farmers" and "maturing and/or grating companies", the amount of contributions paid cannot exceed the relevant representation percentages established in article 21 below.

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The share of contributions, as per letter a) above, relating to the category of Dairies is calculated in compliance with Ministerial Decree of the Ministry of Agriculture and Forests no. 410 of 12 September 2000, on all the subjects that are part of the same category, including if not belonging to the Consortium.

## **Art. 19**

### **BUSINESS YEAR AND BALANCE SHEET**

The business year begins on 1 January and ends on 31 December each year.

At the end of each business year, the Management Board:

- a) establishes the criteria for drawing up the consolidated accounts for expenditures and budget accounts for the Provincial Offices;
- b) draws up the project for the final balance of the Consortium (consisting of Balance Sheet, Profit and Loss account and Supplementary Report) to be submitted to the General Meeting of the Delegates for approval in compliance with the Law and with the Articles of Association;
- c) furthermore, submits the draft budget for the successive business year to the General Meeting of the Delegates for approval.

## **Art. 20**

### **CONSORTIUM BODIES**

The Consortium consists of the following Bodies:

- a) Meetings and Boards of the Provincial Offices;
- b) General Meeting of the Delegates;
- c) Management Board;
- d) Executive Committee;
- e) President;
- f) Board of Auditors.

Every Provincial Office, in full compliance with the representation criteria specified in Ministerial Decree of 12.04.2000, is entitled to elect at least one member in the Bodies specified under letters b), c) and d).

## **Art. 21**

### **REPRESENTATION IN CONSORTIUM BODIES**

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Each category specified in article 2 letter a) (matured cheese supply chain) of Ministerial Decree of 12.04.2000, is entitled to be represented within the Consortium Bodies according to the quantity of product put into the "Parmigiano-Reggiano" DPO supply chain in the individual provinces and in the entire production region, should such quantity be enough to express at least one member (rounded up).

In accordance with Ministerial Decree of 12.04.2000:

1. Dairies producing "Parmigiano-Reggiano" DPO cheese shall be entitled to a minimum representation percentage of 66%;
2. Farmers producing milk destined to the production of "Parmigiano-Reggiano" DPO cheese shall be entitled to a maximum representation percentage of 17%;
3. "Parmigiano-Reggiano" DPO cheese maturing and/or grating companies shall be entitled to a maximum percentage of 17%.

It is understood that the minimum and maximum percentages specified above, in compliance with the mentioned Ministerial Decree of 12.04.2000, are applied in the event the categories indicated in points 2 and 3 contributed to the overall production of "Parmigiano-Reggiano" DPO cheese to the same extent; should this not occur, the above indicated maximum percentages, relating to category 2 "milk producing farmers" and 3 "maturing and/or grating companies", will be reduced proportionately. The data required for the calculation of such quantities are determined annually by the Management Board according to the data supplied and/or approved by the Control Body authorised for the Designation of Protected Origin, relating to the previous year. Every Provincial Office is entitled to be represented in the General Meeting of the Delegates, Management Board and Executive Committee.

## **HEADING VII – GENERAL MEETINGS AND MEETINGS OF PROVINCIAL OFFICES**

### **Art. 22**

#### **COMPOSITION OF PROVINCIAL OFFICES**

The Consortium Members are entitled to vote if registered with the Book of Members for at least three months and up-to-date with the payment of Consortium fees and contributions.

The Consortium Members can delegate another Consortium Member by means of a written proxy signed by them or their legal representatives, if the member is a corporate body, to be handed over to the Chairman of the Meeting prior to the beginning of the Meeting.

Each Consortium Member cannot be given more than one proxy.

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Meetings can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda. The notice convening the Meeting must contain the venues connected by the Consortium via teleconference or videoconference.

If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

## **Art. 23**

### **CALLING**

The Meetings of Provincial Offices are regular and extraordinary.

The Meetings of Provincial Offices are called by the Provincial Board. They are called to discuss the issues on the agenda proposed by the General Meeting of the Delegates. The Meetings of Provincial Offices are also called by the Provincial Board when the latter deems it appropriate for issues subject to its competence.

The notice convening the meeting must contain the indication of the day, time and venue for the meeting, as well as the items on the agenda; this notice must be sent to the Consortium members, to their domicile, by means of registered mail with advice of receipt at least eight days before the meeting date and by means of bill-posting for the same period of eight days at the Provincial Office concerned.

Meetings can be called also via fax or e-mail or legal –mail according to the above terms, upon condition that the fax number or e-mail address are specified in an appropriate list attached to the Register of Members.

These notices contain the date of a possible second call that can also take place the day following the one established for the Meeting in first call.

Both regular and extraordinary Meetings, in first call, are valid when at least half plus one of the Consortium members are present personally or by proxy and, in second call, irrespective of the number of Consortium members present personally or by proxy.

Regular Meetings resolve by a simple majority of voters.

Extraordinary Meetings resolve by a qualified majority of three fifths of the voters.

## **Art. 24**

### **COMPETENCE OF THE REGULAR MEETING OF PROVINCIAL OFFICES**

The regular Meeting of Provincial Offices:

- a) elects the members of the Provincial Board based on the representation criteria complying with Ministerial Decree of 12.04.2000 and on the methods established by the Consortium procedures. Provincial Board members are by right members of the Consortium Management Board, in compliance with article 33, letter c);
- b) discusses the topics regarding the activity of the Provincial Office;
- c) approves the draft expenditure budget and the draft annual final balance of the Provincial Office drawn up according to the indications given by the Consortium Management Board, to be submitted to the General Meeting of the Delegates for approval;
- d) discusses the items on the agenda of the ordinary General Meeting of the Consortium;
- e) elects the Delegates for the regular General Meeting of the Consortium, abiding by the representation criteria established in Ministerial Decree of 12.04.2000.

## **Art. 25**

### **COMPETENCE OF THE EXTRAORDINARY MEETING OF PROVINCIAL OFFICES**

The extraordinary Meeting of Provincial Offices:

- a) discusses the topics on the agenda of the extraordinary General Meeting of the Consortium;
- b) elects the Delegates for the extraordinary General Meeting of the Consortium, abiding by the representation criteria established in Ministerial Decree of 12.04.2000.

## **Art. 26**

### **ELECTION OF GENERAL MEETING DELEGATES**

Every Provincial Office, in full compliance with the representation criteria specified in Ministerial Decree of 12.04.2000, is entitled to elect at least one Delegate for the General Meeting, both regular and extraordinary, in compliance with the procedures and rules established in the Consortium Regulations.

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The members of the Management Board in office and the members that are simultaneously running to be elected for such Body, cannot be elected as Delegates. The Meeting also elects a deputy-member for each elected Delegate, who will be solely entitled to substitute the Delegate in the Meeting, should he/she be unable to participate. The deputy-member must belong to the same category of the Delegate.

## Art. 27

### VOTING PROCEDURES IN MEETINGS OF PROVINCIAL OFFICES

Ten days before the Meetings of Provincial Offices, the Management Board of the Consortium shall issue in the Headquarters and in the Provincial Offices - in this case limited to the Consortium Members of each Provincial Office - the list with the indication of the votes attributed to each Consortium member, as well as the representatives of the categories and Provincial Offices, for the General Meeting of the Delegates.

The votes shall be attributed in the following way:

- milk producing farmers: maximum 1/6 of total votes;
- dairies: minimum 2/3 of total votes;
- maturing and/or grating companies: maximum 1/6 of total votes.

As for the category of Dairies, each Consortium member is entitled up to a maximum of four votes, according to the production ascertained by the Management Board according to the following criteria:

- one vote if the production is lower than the average of the production region;
- two votes if the production is equal to the average and lower than twice the average of the production region;
- three votes if the production is equal to twice and lower than three times the average of the production region;
- four votes if the production is equal to or higher than three times the average of the production region.

Both in regular and in extraordinary meetings, voting normally takes place by showing a card handed over by the Chairman at the beginning of the Meeting and corresponding to the number of votes to which the member is entitled. In case of secret voting, the Consortium Members shall be given a number of ballot papers corresponding to the number of votes to which they are entitled.

Both in regular and in extraordinary meetings, voting takes place by secret ballot if regarding measures concern individual people, or if requested by the majority of voters. The Meetings of Provincial Offices can be preceded by category Meetings.

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## **Art. 28**

### **CHAIRMANSHIP AND RECORDING**

The Meeting of the Provincial Office Members is presided over by the Provincial Office Chairman or, in his/her absence, by the Member of the Board most senior in office (and in case of equal seniority in office, the most senior in age).

Before completing the opening formalities, the Meeting can request the Chairman of the Meeting to be elected among the Consortium members present.

The resolutions of regular Meetings must be recorded in the minutes signed by the Chairman and Secretary appointed by him/her.

The resolutions of extraordinary Meetings must be drawn up by a Notary.

## **Art. 29**

### **BOARD OF THE PROVINCIAL OFFICE – COMPOSITION – TASKS**

The Board of the Provincial Office consists of at least two Members. In the event only one Committee member can be elected due to the representation criteria envisaged by the Articles of Association, this member will be the President of the Provincial Office.

The arbitration clause contained in article 55 below applies to Provincial Office Members and the controversies brought by them against the Consortium or vice versa, and it is binding towards them with the acceptance of this office.

A Consortium Member is ineligible and incompatible with the office of Provincial Office Member – and if elected, he/she shall lose the right to this office – if he/she holds a similar or anyway equivalent office in other Consortiums protecting products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, or if he/she is a member of the Management Board or Executive Committee of such Consortiums or anyway holds similar representation and/or management positions of any type or nature.

Furthermore, the following conditions are causes of ineligibility and incompatibility – hence, loss of the right to office in the case of election - with the position of Provincial Office Member:

- a) the performance of production activities of cheeses belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it on the part of the candidate (both in Italy and abroad, both personally and via companies referable to the candidate);

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- b) the participation in the capacity as a member of the Executive Committee or equivalent body or as a manager with managerial tasks in Italian or foreign companies, including share companies, which have the purpose of producing or selling both directly and via subsidiaries, associated or allied companies, products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, which give rise to a turnover making up at least 1/3 (one third) of the joint turnover of such cheeses in the subsidiaries, associated or allied companies.

The Executive Committee of the Consortium is entitled to ask the elected Provincial Office Member all the information relative to the cause of ineligibility and/or incompatibility specified in this article by requiring the Member to show the deeds and/or documents deemed necessary and/or appropriate to ascertain the truth; the Executive Committee shall also be entitled to arrange investigations deemed necessary and/or appropriate by delegating whomever they may deem as suitable to perform this task. Should the candidate or the Member refuse to provide the necessary information cited above or should the information be incomplete or untruthful or should he/she not co-operate with the investigations requested by the Executive Committee, by right he/she shall become ineligible and, if elected, he/she shall lose the right to the office.

After completing the preliminary investigation phase, which shall not last more than 30 (thirty) days, the Executive Committee shall refer to the Management Board that will adopt the consequent resolutions.

Meetings of the Provincial Board can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda. The notice convening the Meeting must contain the venues connected by the Consortium via teleconference or videoconference. If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

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## Art. 30

### TASKS OF THE PROVINCIAL OFFICE

The Board of the Provincial Office carries out the following tasks:

- a) appoints its Provincial Office President, who cannot hold this office for more than two consecutive terms;
- b) convenes the Meetings of the Provincial Office;
- c) submits the draft expenditure final balance relating to the Provincial Office to the Meeting of the Provincial Office for approval;
- d) submits the draft expenditure budget relating to the Provincial Office to the Meeting of the Provincial Office for approval;
- e) sends the draft expenditure final balance and expenditure budget, with their relevant documents, to the Management Board of the Consortium;
- f) proposes to the Management Board of the Consortium to employ personnel for the Provincial Office with the relevant tasks, and can also propose to fire them;
- g) enforces the resolutions passed by the Meeting of the Provincial Office, the Management Board of the Consortium and the General Meeting of the Delegates;
- h) periodically informs the Consortium Members about the Consortium activities.

### HEADING VIII - GENERAL MEETING

## Art. 31

### COMPOSITION

The General Meeting consists of a minimum of 48 (forty-eight) Delegates representing the Dairies, up to a maximum of 72 (seventy-two) Delegates - depending on the participation of the remaining categories – elected by the Meetings of the Provincial Offices.

The Meetings of the Provincial Offices elect the Delegates for the General Meeting according to the procedures specified in article 27 of these Articles of Association and in compliance with the directions given in detail by the appropriate Procedures. Every Delegate is entitled to one vote and must attend the General Meeting personally; in case of impediment, he/she will be replaced by his/her deputy elected by the Meeting of the Provincial Office.

Delegating the vote to another Delegate is forbidden.

The Meeting of Delegates can be regular or extraordinary.

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The regular Meeting of Delegates must be called by the Management Board at least once a year for the approval of the balance sheet within 120 (one hundred and twenty) days from the end of the business year.

The Meeting of the Delegates must be called whenever requested by the Board of Auditors or at least by half of the members of the Management Board.

## **Art. 32**

### **CALLING FORMALITIES**

Both the regular and the extraordinary Meeting must be called by the President of the Consortium, following relevant resolution of the Management Board, by means of notice containing the indication of the day, time and venue for the meeting and the items to be dealt with.

The notice shall be given to the Provincial Office Presidents in their provincial offices of competence by means of registered mail at least twenty days before the Meeting. The respective Presidents shall call the Meetings of the Provincial Offices following the procedures specified in article 23 above.

Meetings can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda. The notice convening the Meeting must contain the venues connected by the Consortium via teleconference or videoconference.

If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

## **Art. 33**

### **COMPETENCE OF THE REGULAR MEETING**

The regular Meeting of the Delegates is entitled to resolve on the following subjects:

- a) approval of the balance sheet of the Consortium;
- b) approval of the budget of the Consortium;
- c) ratification of the election of the members of the Management Board, expressed by the Meetings of the Provincial Offices, upon condition that conformity with

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- the right of representation of the various member categories and conditions for eligibility has been duly checked;
- d) election of the members of the Board of Auditors, alternate auditors and President of the Board of Auditors;
  - e) approval and amendment of internal procedures;
  - f) every issue relating to the Management of the Consortium and not transferred to the competence of another Consortium Body by the law or by these Articles of Association;
  - g) ratification of the amount of the various contributions paid by the Consortium members, according to their participation in the production determined by the Management Board;
  - h) ratification of the penalties established in article 54, determined by the Management Board.

## **Art. 34**

### **COMPETENCE OF THE EXTRAORDINARY MEETING**

The extraordinary Meeting is entitled to resolve on the following subjects:

- a) approval and amendment of the Articles of Association of the Consortium (to be submitted to the Ministry for relevant legal remarks);
- b) approval and amendment of the Production Regulations and other Regulations to be submitted to approval by the competent Ministry;
- c) extension of the duration or early dissolution of the Consortium;
- d) appointment and powers of liquidators;
- e) other sundry subjects envisaged by the law.

## **Art. 35**

### **VALIDITY OF MEETING**

Both the regular and extraordinary General Meetings of the Delegates in first call are valid when the two thirds of the Delegates, or their deputy-delegates elected by the Meetings of the Provincial Offices, are present. The General Meetings in second call are valid when the majority of the Delegates, or their deputy-delegates elected by the Meetings of the Provincial Offices, is present.

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The majority required to pass resolution of the regular and extraordinary Meetings, both in first and in second call, is at least half plus one of the voters present.

The resolutions of the extraordinary Meeting relating to the approval or amendment of the Articles of Association, Production Regulations and other Regulations subject to the approval by the competent Ministry, as well as the extension or early dissolution of the Consortium and its liquidation with the appointment of liquidators, require the favourable vote of at least three fifths of the voters present.

Both the regular and the extraordinary General Meeting of the Delegates can resolve in first call if the Delegates representing two thirds of the Delegates elected by the Meetings of the Provincial Offices are present; it can resolve in second call if the Delegates representing half of the Delegates elected by the Meetings of the Provincial Offices are present.

## **Art. 36**

### **MINUTES OF THE MEETINGS**

The resolutions passed in the regular Meetings must be recorded in the minutes signed by the Chairman and the Secretary.

The minutes of extraordinary Meetings must be drawn up by a Notary.

## **Art. 37**

### **VOTING PROCEDURES**

Both in regular and in extraordinary meetings, voting normally takes place by show of hands.

Both in regular and in extraordinary meetings, voting takes place with secret ballot if regarding measures that concern individual people, or if requested by the majority of voters. In this case, upon the Chairman's request, the Meeting appoints the scrutators who, before the beginning of voting operations, will hand over the ballot papers to each Consortium member.

## **Art. 38**

### **CHAIRMAN OF THE MEETING**

The Meeting is presided over by the Chairman of the Management Board or, in his/her absence, by the Deputy-chairman who is most senior in office, unless the Meeting elects a Chairman.

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The General Meeting of the Delegates can always elect its Chairman by requesting this before completing the opening formalities.

The Meeting appoints the Secretary upon the Chairman's proposal.

## HEADING IX – MANAGEMENT BOARD

### Art. 39

#### COMPOSITION OF THE MANAGEMENT BOARD

The Management Board consists of:

a) a minimum of 28 (twenty-eight) members representing the Dairies, up to a maximum of 42 (forty-two) members deriving from the remaining categories, elected by the Meetings of the Provincial Offices and ratified by the Meeting of the delegates. Anyway, each Provincial Office must be represented in the Board by at least one Board Member;

b) a number of 4 (four) members without the voting right, appointed in the following way:

- no. 1 (one) representing the Chamber of Commerce of the Emilia-Romagna region;
- no. 1 (one) representing the Chamber of Commerce of the Lombardy region;
- no. 1 (one) representing the Regional Councillorship for Agriculture of the Emilia-Romagna region;
- no. 1 (one) representing the Regional Councillorship for Agriculture of the Lombardy region.

The arbitration clause contained in article 55 below applies to Management Board Members and the controversies brought by them against the Consortium or vice versa, and it is binding towards them with the acceptance of this office.

A person is ineligible and incompatible with the office of Management Board Member – and if elected, he/she shall lose the right to this office – if he/she holds a similar or anyway equivalent office in other Consortiums protecting products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, or if he/she is a member of the Management Board or Executive Committee of such Consortiums or anyway holds similar representation and/or management positions of any type or nature.

Furthermore, the following conditions are causes of ineligibility and incompatibility – hence, loss of the right to office in the case of election - with the position of Management Board Member of the Consortium:

- a) the performance of production activities of cheeses belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or

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- competing with it on the part of the candidate (both in Italy and abroad, both personally and via companies referable to the candidate);
- b) the participation in the capacity as a member of the Executive Committee or equivalent body or as a manager with managerial tasks in Italian or foreign companies, including share companies, which have the purpose of producing or selling both directly and via subsidiaries, associated or allied companies, products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, which give rise to a turnover making up at least 1/3 (one third) of the joint turnover of such cheeses in the subsidiaries, associated or allied companies.

The Executive Committee of the Consortium is entitled to ask the elected Management Board Member all the information relative to the cause of ineligibility and/or incompatibility specified in this article by requiring the Member to show the deeds and/or documents deemed necessary and/or appropriate to ascertain the truth; the Executive Committee shall also be entitled to arrange investigations deemed necessary and/or appropriate by delegating whomever they may deem as suitable to perform this task. Should the candidate or the Member refuse to provide the necessary information cited above or should the information be incomplete or untruthful or should he/she not co-operate with the investigations requested by the Executive Committee, by right he/she shall become ineligible and, if elected, he/she shall lose the right to the office.

After completing the preliminary investigation phase, which may not last more than 30 (thirty) days, the Executive Committee shall refer to the Management Board that will adopt the consequent resolutions.

Meetings of the Management Board can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda.

If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

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## **Art. 40**

### **OFFICE TERM**

The Board Members, to be appointed among the Consortium Members (legal representatives for corporate bodies), remain in office for three years and can be re-elected.

If the Management Board falls short of one or more Members during the business year, the Management Board replaces them by means of a resolution approved by the Board of Auditors, choosing them amongst the Consortium Members that can be elected in compliance with article 24 letter a), upon nomination of the Provincial Board to which the replaced Members belonged and within the same category in accordance with Ministerial Decree of 12.04.2000.

The Board Members appointed shall remain in office until the renewal of the Board. If the majority of the Board Members or all the Board members fall short, the procedures established in article 2386 Civil Code apply.

A Board Member who fails to attend more than three consecutive meetings of the Board without justification, is removed from office.

Removal from office is resolved by the Management Board and ratified by the Board of Auditors.

## **Art. 41**

### **CALLING**

The Meeting of the Management Board is called by the Executive Committee or by the President of the Consortium when requested by at least one third of the Board Members with indication of the topics to be put on the agenda.

The meeting must be called at least eight days prior to the meeting date by means of a notice containing the indication of day, time and venue for the meeting, as well as the list of items to be dealt with.

In case of an emergency, the Board can be called via telegram, fax or e-mail with a three days' notice.

The calling is valid if all the Board Members having a voting right and all the Statutory Auditors are present.

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## **Art. 42**

### **VALIDITY OF MEETING**

The meetings are valid if the majority of Board Members having a voting right is present.

Voting normally takes place by show of hands.

Voting takes place with secret ballot if regarding measures concern individual people, or if requested by 2/3 of the present Board Members having a voting right. Resolutions are passed by majority. When votes are equal, if voting by show of hands, the vote of the Chairman prevails; when votes are equal, if voting by secret ballot, the proposal is rejected.

## **Art. 43**

### **POWERS OF THE BOARD**

The Management Board elects its Chairman and Deputy-Chairman - or two Deputy-Chairmen - among its members, belonging to Provincial Offices differing from the one to which the Chairman belongs.

When two Deputy-Chairmen are appointed, the Board designates one of them as the "Vicar" Deputy-Chairman.

The Management Board appoints within itself the Executive Committee and establishes its tasks and powers.

The Management Board is vested with the most extensive powers for the management of the Consortium, since it has the task of performing all the activities for the ordinary and extraordinary management that is not specifically assigned to the competence of the General Meeting by the law or by these Articles of Association.

Therefore, by way of example and not limited to, the Management Board is in charge of:

- a) determining the number of members representing the various professional categories within the Consortium Bodies, in accordance with the Legislation in force and relevant procedures;
- b) resolving on the admission, withdrawal and forfeiture of the Consortium members, and on their possible exclusion;
- c) resolving on the calling of the regular and extraordinary Meetings;

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- d) resolving on the ineligibility and/or incompatibility of candidates with the offices of Provincial Board Member, Consortium Board Member and/or Executive Committee Member and, if elected, on their loss of the right to be elected to such offices;
- e) taking care of the enforcement of the resolutions passed by the Meeting and performing all the acts delegated by the General Meeting, and establishing internal Procedures;
- f) checking the productions of the Consortium members relating to the latest production year, for the allocation of the votes to which the individual Consortium members are entitled during the Meeting of the Provincial Office, according to the data supplied and/or confirmed by the Control Body;
- g) establishing the admission fee for Consortium members and the overall annual contribution in accordance with article 18, unless otherwise ratified by the General Meeting of the Delegates;
- h) determining the fees for the services offered;
- i) approving the expenditure budgets proposed by the Provincial Offices and the relevant balances;
- j) preparing the final balance of the Consortium, as well as the expenditure budget proposal to be submitted to the regular Meeting for approval;
- k) employing and firing personnel, establishing their tasks and remunerations;
- l) approving the lists of experts in charge of the marking operations, designated by the Provincial Offices, and appointing the members of the Committees of Appeals and Assessment of the experts;
- m) resolving on active and passive legal actions;
- n) purchasing, selling and exchanging immovables; consenting registrations, cancellations, deferments of mortgages and relinquishing legal mortgages;
- o) carrying out operations having to do with public debt and with any other public or private office;
- p) signing medium and long-term loans, including with security on mortgage;
- q) resolving on the penalties in accordance with article 54 below, unless otherwise ratified by the General Meeting of the Delegates;
- r) more in general, carrying out all the operations and authorising the signing of all the deeds and contracts, including if subject to extraordinary management, deemed appropriate for the fulfilment of the purposes of the Consortium.

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## **Art. 44**

### **DELEGATION OF POWERS**

The Management Board is entitled to delegate to the Executive Committee, to the Chairman, to the Deputy-Chairmen and to any individual Board member or several Board members, part of the powers indicated in article 43, establishing execution limits and methods, as well as timeframes and report and control procedures.

## **Art. 45**

### **REIMBURSEMENT OF EXPENSES AND COMPENSATIONS**

The Board Members are entitled to the reimbursement of the expenses borne on behalf of the Consortium while performing their tasks. The regular General Meeting can determine the amounts of compensations and attendance counter for the Chairman, Deputy-Chairmen, Board Members and members of the Executive Committee.

## **HEADING X – EXECUTIVE COMMITTEE**

## **Art. 46**

### **COMPOSITION**

The Execution Committee remains in office for the entire duration of the Management Board.

It consists of a minimum of 9 and a maximum of 11 members.

The members by right are:

- the President of the Consortium;
- the Deputy-President, or the two Deputy-Presidents, of the Consortium;
- the Presidents of Provincial Offices.

The members elected are: the members designated by the Management Board among its members.

The elected members cannot be appointed members of the Executive Committee for more than two consecutive terms.

In order to ensure representation of the various professional categories in the Executive Committee, at least one of the members elected by the Management Board shall be chosen among the Consortium members belonging to the category of "milk producing farmers" and one belonging to the category of "maturing and/or grating companies",

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upon condition that the total number of such Members is not lower than half the members that can be elected within the Management Board for each one of the two categories.

The ineligibility and/or incompatibility with the office of Consortium Board Member and the loss of the right to this office on the part of the elected Member automatically implies ineligibility and/or incompatibility with the office of Executive Committee Member and hence the loss of the right to this office, if elected.

## **Art. 47**

### **POWERS**

The Executive Committee exercises the powers conferred upon it by the Management Board in accordance with article 44, with detailed initial proxy and subsequent specific provisions.

The Committee exercises preliminary and analysis functions on the topics subject to the competence of the Management Board and, where necessary, it undertakes emergency resolutions to be submitted to the Management Board for approval.

## **Art. 48**

### **CALLING**

The Executive Committee is called by the President by means of a sent notice, or also via fax or e-mail, containing the indication of day, time and venue for the meeting, as well as the list of items for discussion and approval.

The meeting is valid if the majority of the Committee members is present and resolves by simple majority of the members present.

Meetings are presided over by the President of the Consortium or, in his/her absence, by the "Vicar" Deputy-President or, in his/her absence or in the absence of the other Deputy-President, by the member most senior in office and age.

Meetings for the Executive Committee can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda.

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If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

## **HEADING XI - CHAIRMAN - DEPUTY-CHAIRMEN**

### **Art. 49**

#### **CHAIRMAN – DEPUTY-CHAIRMEN**

The Chairman of the Management Board is the President of the Consortium. The Chairman and Deputy-Chairman - or two Deputy-Chairmen if elected - cannot be in office for more than two consecutive terms.

The Chairman of the Management Board also presides over the Executive Committee. The Chairman is entrusted with the legal representation of the Consortium before third parties and courts, and is entrusted with the power of signature.

In case of absence and/or impediment, the Chairman is substituted, for all legal purposes, by the "Vicar" Deputy-Chairman or, in absence of the latter, by the other Deputy-Chairman.

## **HEADING XII - BOARD OF AUDITORS**

### **Art. 50**

#### **COMPOSITION – RUNNING AND TASKS**

The Board of Auditors consists of three statutory auditors and three alternate auditors, registered with the Register of Chartered Auditors.

Auditors are elected by the General Meeting of the Delegates, they remain in office for three years and can be re-elected.

At the end of each three-year term, starting from the date of appointment, the Meeting members substitute one of the three statutory members, on a rotation basis. This clause becomes effective starting from the election to the second term of each individual Auditor. The Board of Auditors exercises the supervision tasks established by the law, it oversees the abidance of the Articles of Association and civil and tax regulations in force.

The Statutory Auditors are obliged to attend the meetings of the Management Board and they may be asked to attend the meetings of the Executive Committee. An Auditor who fails to attend two meetings of the Board of Auditors during the same business year, without justification, loses his/her office with resolution passed by the

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other members of the Board of Auditors and is replaced by one of the alternate auditors elected by the General Meeting.

The arbitration clause contained in article 55 below applies to Auditor Members and the controversies brought by them against the Consortium or vice versa, and it is binding towards them with the acceptance of this office.

A person is ineligible and incompatible with the office of Auditor of the Consortium – and if elected, he/she shall lose the right to this office – if he/she holds a similar or anyway equivalent office in other Consortiums protecting products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, or if he/she is a member of the Management Board or Executive Committee of such Consortiums or anyway holds similar representation and/or management positions of any type or nature or carries out professional activities for them.

Furthermore, the following conditions are causes of ineligibility and incompatibility – hence, loss of the right to office in the case of election - with the position of Auditor of the Consortium:

- a) the performance of production activities of cheeses belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it on the part of the Auditor (both in Italy and abroad, both personally and via companies referable to the Auditor)
- b) the participation in the capacity as a member of the Management Board or as a manager with managerial tasks or as an Auditor in Italian and foreign companies, including share companies, which have the purpose of producing or selling both directly and via subsidiaries, associated or allied companies, products belonging to the same product group of Parmigiano-Reggiano cheese and comparable to it and/or competing with it, which give rise to a turnover making up at least 1/3 (one third) of the joint turnover of such cheeses in the subsidiaries, associated or allied companies.

The General Meeting shall be entitled to delegate the President of the Consortium to ask the appointed Auditor all the information relating to the ineligibility and/or incompatibility causes specified in this article, by requiring the Auditor to show the deeds and/or documents deemed necessary and/or appropriate to prove the truth; the President shall be obliged to report to the General Meeting within the period of time fixed by the Meeting itself.

Meetings of the Board of Auditors can also be held via teleconference or videoconference upon condition that the President, through his/her staff, can ascertain the identity and legitimation of the participants, direct the course of the meeting, confirm and announce the voting results; that the person drawing up the minutes can suitably follow the facts to be put on record; that the participants can take part in the discussion, send and receive deeds and documents and that they can take part in the simultaneous voting of the items on the agenda.

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If these requirements are met, the Meeting is deemed to be held in the venue where the Chairman and the Secretary of the meeting are present to allow the drawing up and signing of the minutes and of the relevant book.

## **HEADING XIII - DISSOLUTION**

### **Art. 51**

#### **CAUSES FOR DISSOLUTION**

The Consortium dissolves owing to the causes specified in article 2611 of Civil Code.

### **Art. 52**

#### **APPOINTMENT OF THE LIQUIDATION BODY**

In case of dissolution of the Consortium, the General Meeting of the Delegates shall appoint one or more liquidators, establishing their powers.  
Liquidation expenses shall be borne by the Consortium Fund; possible surpluses shall be subdivided pro-quota among the Consortium members.

### **Art. 53**

#### **ALLOCATION OF RESIDUAL SURPLUS**

The net assets resulting from the final statement balance of realisation and liquidation, after the reimbursement to the Members of the fees paid for the Consortium Fund, shall be destined to public purposes, in compliance with article 26 D.L.C.P.S. no. 1577 of 14 December 1947 and subsequent amendments.

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## **HEADING XIV - PENALTIES**

### **Art. 54**

#### **PENALTIES**

The Management Board, unless otherwise ratified by the General Meeting of the Delegates, compiles a list of infringements of Consortium obligations, determining for each one the penalty amount to be applied to the Consortium Members who committed such infringements, without prejudice to the application of article 16 and possible legal sanctions.

Any possible modifications of the said list and penalties must take place before the beginning of the business year; otherwise, these modifications will be applied only starting from the year following that of their approval.

Consortium members must be informed of penalties and their modifications by bill-posting them in each Provincial Office for thirty consecutive days.

## **HEADING XV - BOARD OF ARBITRATORS AND ARBITRATION CLAUSE**

### **Art. 55**

Any controversy between the Consortium members and the Consortium regarding the interpretation and enforcement of these Articles of Association and of the Consortium Regulations, as well as regulations deriving from resolutions and/or deeds of the General Meeting and Management Bodies, and any controversy regarding the rights governing the relation between Consortium members and the Consortium or between the various Consortium members, shall be referred to the exclusive competence of a Board of Arbitrators consisting of three arbitrators, with the exception of issues relating to the collection of consortium fees and contributions, the contributions specified in art. 16 of the Articles of Association and legal sanctions, which will be subject to the competence of a Judge.

The Board of Arbitrators shall be appointed, upon request of one of the parties, by the President of the Court of Reggio Emilia who shall also appoint the arbitrator having the capacity as the Chairman of such Board.

The party who is willing to resort to arbitration shall notify the other party of such act with at least three days' notice prior to the deposing of the introductory petition with the Office of the Clerk of the President of the Court of Reggio Emilia is made; in order that

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such petition is considered as valid it shall specify all the reasons de facto and by right sustaining the petition, as well as all the petitions the party intends to put forward to the Board of Arbitrators.

The Board of Arbitrators must abide by the rules in force and give the arbitration award within 180 (one hundred and eighty) days from acceptance of their appointment, unless such term is postponed by the parties.

The Board of Arbitrators shall give its award without formalities of judicial proceedings, without prejudice to the respect of the principle of cross-examination and of the binding rules specified in article 35 of Law Decree no. 6 of 17.01.2003.

The award cannot be impugned, with the exception of the enforcement of article 36 of Law Decree no. 6 of 17.01.2003.

This arbitration clause also applies to the controversies brought forward by directors, liquidators and auditors or against them, and it is binding towards them with the acceptance of appointment of their offices.

## **HEADING XVI – FINAL PROVISIONS**

### **Art. 56**

#### **FINAL PROVISIONS**

The Regulations referred to in articles 26-31-39-46 and regulations relating to representation in the Consortium Bodies must comply with the rules in force on Consortiums for the Protection of DPOs, which are currently established in the Ministerial Decree of the Ministry for Agriculture and Forests no. 61414 of 12.04.2000 and subsequent amendments and supplements.