

Organisation, Management, and Auditing Model pursuant to Legislative Decree 231/2001

General Section

Adopted by the EIUC Board – 23/02/2018

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DEFINITIONS

- **EIUC** or Institution: European Inter-University Centre for Human Rights and Democratisations Human Rights Village, with its headquarters in Lido, Venice (Italy), no. 26 Riviera San Nicolo
- Decrees: Legislative Decree 8 June 2001, no. 231 and subsequent amendments or integrations.
- Sensitive activities: activity by the Institution in which there is a danger, real or potential, of committing crimes provided for in the Decree.
- PA: Public Administration
- Public Official: one who acts in a public function- legislative, judicial, or executive - in accordance with art. 357 of the penal code
- Trustee of public service: one bearing any title who offers a public service, intended as a disciplined activity in the same forms as of the public function, but characterised by the lack of powers typically associated as presented in art. 358 of the penal code.
- Confindustria guidelines: Confindustria handbook (approved March 7 2002 and updated July 21 2014) for the building of organisation, management and auditing models as provided for in the Decree.
- **Models:** Guidelines for the adoption, implementation, and realisation of organisation, management, and auditing models pursuant to legislative decree. 231/2001 adopted by the Institution.
- Code of Ethics: Code of Ethics (Guidelines and regulations for integrity and transparency) adopted by the Institution.
- Central governing bodies: Administrative Council, President, First Vice President and other potential Vice-Presidents, if nominated, the honorary President, Secretary General, Director General
- **Advisory bodies, of discipline and of verification:** Advisory committee, if convened, Disciplinary Association, Association of Auditors of Accounts/Special Audits, Association of Students.
- Supervisory Body or OdV Organisation provided for by art. 6 of the Decree, assigned to monitor operations and compliance of the organisation model and related updates.
- Senior management: persons who occupy positions of representation, of administration, or of leadership for the Institution or one of its entities granted financial and functional autonomy, as well as persons who carry out, even remotely, Institutional management or auditing.
- Subordinate individuals: persons appointed under the direction or supervision of persons in the aforementioned positions.
- Consultants: individuals who, for reasons of professional capacity, offer their intellectual work in support or on behalf of the Institution on the basis of a mandate or other agreement of professional collaboration.
- Employees: individuals employed by the Institution in a contract of conditional employment, para-conditional, or subcontracted by an agency for the work.
- **Teaching staff:** professors.
Partner: contractual counterparts of the Institution, natural persons or legal persons, who undergo any form of contractually regulated collaboration.
- **CCNL:** National Collective Labour Contract currently in force and applied by the EIUC to employees separate from the teaching staff.
- Instruments of Model implementation: all the provisions, internal measures, acts and the operating procedures of the business etc. as for example Statutes, delegations and powers, organisation charts, job descriptions, procedures, organisational arrangements.

I. PURPOSE

This document has the following purpose:

- describe the regulations introduced in our organisation pursuant to legislation 231/2001, in the form of administrative responsibility dependent upon the Institution for any type of crimes committed, in the interest or even to the advantage of those same, from individuals placed in senior management or from individuals under their direction and supervision;
- Mission Statement and Organisational Structure of EIUC:
- Adopt the "Organisation and Management Model" which can adequately ensure the uniformity of management as well as prevent the crimes considered by the decrees, articulated in the following points:
 - Indication of operations and responsibilities of the associate agencies;
 - definition, comprehension of the association's scope and activity, of the laws and the methodologies with which the associate agencies, the commissions, workgroups, and the staff must comply in the carrying-out of their respective tasks;
 - recognition of the activity which could create an environment within which crimes could be committed and a description of the procedure for the activities intended to prevent such crimes;
 - introduction of a disciplinary system with penalties for failure to respect the instructions presented in this document

This document has been sent to the Associates (Assembly of Partners), to the members of the Board of Administrators, to the Auditors of the accounts, and to the employees insofar as permitted by the aforementioned procedures in addition to the Code of Ethics, accompanying the document.

The vendors, consultants, and people steadily in contact with the Institution, including the members of the Technical Commissions and Projects, are thus informed regarding the existence of the Organisation and management model and the Code of Ethics, and they are invited to visit the website (www.eiuc.org). For such matters not explicitly covered by this document, please consult the deed of incorporation, the statute, and related documentation.

Document structure

This document comprises the Model's General Section

The General Section is intended to describe the disciplinary action contained as pursuant to the legislation 231/2001. The indication- in the relevant sections at the end of the Decree - of the legislation specifically applicable to the Institution, the description of the crimes relevant to the Institution, an indication of the beneficiaries of the Model, the operating principles of the Supervisory Body, the definition of a punitive system dedicated to presiding over violations of the Model, an explanation of the Model's communication requirements, and training personnel.

Such acts and documents are procurable, according to the process provided for the dispersal, within the company and on the company's intranet

General Section

1. Legislative Decree 8 June 2001, no. 231

1.1. Nature and characteristics of the institutional responsibilities

The Decree, which introduces and enforces the administrative responsibility related to the crime of the institutions, dates from the incorporation and enactment of the communal legislation intended to combat corruption, creating a unified front in Italian law, which until 2001, contained no provisions for punitive or administrative responsibilities for collectives, those which could be required to pay the maximum -in joint and several liability- fines, penalties, and administrative sanctions imposed on legal representatives, administrators, or employees.

The spectrum of crimes encompassed by the decree has grown steadily, well beyond the original crimes applicable to the Public Administration, now including circumstances that aren't necessarily typical of the firm's operations.

The applications of the Decree have been enlarged and regard all the establishments including legal entities, various societies, unincorporated associations, public economic bodies, and private concessionaires of a public service. The legislation does not apply to the State, regional public authorities, non-economic public bodies, and the agencies which carry out functions of constitutional importance (e.g. Political parties and trade unions).

The law does not extend to institutions that are not domiciled in Italy. Nevertheless, in this regard, a GIP ordinance of the Milan Tribunal (ord. 13 June 2007; see also GIP Milan, ord 27 April 2005, and Milan Tribunal ord. 28 September 2004) has sanctioned, based on the principle of territoriality, the sustainment of jurisdiction for the Italian court in relation to crimes committed by foreign institutions in Italy.

1.2. Nature and characteristics of institutional responsibilities

The Legislator has identified various types of crimes that can be committed in the interest or to the advantage of the society, the offenders of which are always physical persons. After having identified the connection that binds the institution and the criminal offender and after ascertaining that such crimes were committed in the realm of company operations, from the physical person-organisation connection and crime-organisational benefit connection, a culpability directed at the latter can be derived, through a specific punitive system that is independent yet parallel to that which would be applicable to the physical person.

The nature of this new form of institutional responsibility is of a mixed kind and its peculiarity lies in the fact that it is a type of responsibility that combines the essential aspects of the penal system and the administrative system. The institution is penalised with an administrative sanction in that it responds to an illicit administration, but the sanctioning system is based on criminal proceedings:

The relevant authority to contest the illicitness of the actions is the State's Attorney, while it is the criminal court judge who holds responsibility and authority to impose the sanction.

The administrative responsibilities of the institution are distinct and autonomous with respect to those of the physical person who commits the crime, even if the crime's perpetrator can't be identified, or if the crime is extinguished for a reason other than amnesty. In any case the institutional responsibility is always in-addition-to and never a replacement for that responsibility of the physical person who did perpetrate the crime.

1.3. Types of crimes specified by the Decree and subsequent amendments

The institution can be called to answer for a limited number of crimes, namely those crimes indicated by the Legislature and not sanctioned for any other type of crime committed while carrying out its own activities. The Decree, in its original version and in subsequent amendments, as well as the laws that explicitly detail the penalties, shown in art. 24 and following the crimes whose responsibility can be traced to the institution, the so-called "predicate offences" **(See attachment A for further details)**

At the time which this document was approved, the predicate offences were divided into the following categories:

- Offences against the Public Administration (arts. 25 and 25);
- Cyber-offence and illicit use of data (art. 24-a);
- Offences committed by organised crime;
- Counterfeiting of legal tender, of public credit, of fee valuations, and of instruments or markers of credit (art. 25-a);
- Offences against industry and commerce (art. 25-a-1);
- Corporate offences (art. 25b);
- Offences resulting in terrorism and subversion of democratic order (art. 25c);
- Practices involving the mutilation of female genitalia (art. 25-c-1);
- Offences against individual personality (art. 25-d);
- Market abuse (art. 25-e);
- Manslaughter or severe/ very severe criminal negligence, committed in violation of the laws protecting the sanitation and security of the workplace (art. 25-f);
- Crimes of handling stolen goods (fencing), money-laundering, misuse of funds, handling of goods or monies acquired via illicit means as well as "laundered" assets (art. 25-g);
- Offences with regard to violations of the rights of the perpetrator (art. 25-h);
- Induction to withhold declaration or making misleading declarations to the judicial authorities (art. 25-i);
- Environmental crimes (art. 25-j);
- Employment of citizens from non-member States with illegal residency (art. 25-k);

- Cross-border (transnational) crimes (art. 10 LEG 16 March 2006 no.146).

1.4. Criteria for allocating responsibility to the institution

Articles 6 and 7 pursuant to the Legislative Decree 231/2001, provide for a form of exoneration from responsibility if the institution can demonstrate that:

In the case of committing one of the predicate offences, the institution is punishable only in the event of certain verifiable conditions, defined as criteria for charging the institution with crimes. Such criteria is defined as either “objective” or “subjective.”

The *first objective condition* is that the crime was committed by a subject connected to the institution through a qualified relationship.

To that end, there is a distinction among:

- Subjects in “senior management,” who occupy positions of representation, assistance and direction of the institution, for example: the legal representative, the administrator, the director general or the director of an autonomous organizational unit, as well as the people who manage, remotely or in person, the institution. These are the people who effectively hold an autonomous power of decision-making in the name, and for the accounts of, the Institution. Also included in this category are all the individuals delegated by the administrators to exercise management or direction for the Institution or its field offices;
- “Subordinate” individuals, namely those who are subject to the direction and supervision of the senior management. Specifically belonging to this category are the working employees and those individuals who, though not part of the personnel, have undertaken a task to be completed under the direction and supervision of the senior management. Particular attention is due to activity actually pursued, as opposed to the existence of a contract for work to be completed, to avoid the possibility of the institution evading the legislation by external delegation of activities which could include criminal circumstances.

The second *Objective Condition* is that the crime must have been committed in the interest or to the advantage of the institution; it must be, therefore, committed in an environment related to specific Institutional activities and the latter must have benefited in some way, real or potential. Either one of these two conditions is sufficiently sustainable, with these choices between them:

- The “interests” exist when the perpetrator of the crime acted with intent to favour the organisation, independent of the circumstances within which the objective was realistically obtained;
- The “advantage” exists when the organisation has gained, or could have gained, by the crime a positive result, economic or otherwise.

According to the Court of Cassation (Cass. Pen., 4 March 2014, no. 11025), the concessions of interest and advantage aren’t intended as a common term, quite dissociated, as the distinction between could be clearly intended as a kind of earning, presented as an illicit consequence, with respect to an advantage clearly obtained thanks to the completion of the crime. Such is the sentiment of the Milan Tribunal (ord. 20 December 2004), and the Supreme Court of Cassation (Cass. Pen., 4 March

2014, no. 10265), which states that the finalisation alone of the conducting of criminal activity in the pursuit of a given utility will be sufficient to disregard the fact that such utility was indeed achieved.

The responsibility of the institution exists not only in the occurrence of an immediate financial advantage through the commission of a crime, but even a hypothetical wherein, despite the absence of such a result, there is a reason found for this motivation in the interests of the institution. Improvements in market position or the cultivation of a financial crisis situation are cases which implicate the interests of the institution, even without an immediate economic advantage. It's important to note, moreover, that whenever a crime is committed by qualified subjects of another company belonging to a group, the concept of interest can be extended in an unfavourable way to the parent company. The Milan Tribune (ord. 20 December 2004) ruled that the characteristic element of interest for a group exists in the fact that this element is not presented as the exclusive property of one group-member but as a communal aspect in which every individual takes part.

Fundamentally, even though the crime does not contain suggestive implications within it, the institution must demonstrate that it has done everything in its power to prevent - through execution of good business practices - the committing of one of the crimes specified by the Decree. For this reason, the same Decree provides for the exclusion of responsibility only if the institution can demonstrate:

- That the agency's director adopted and effectively implemented, before the act was committed, Organization, Management, and Auditing models capable of preventing the type of crime which occurred;
- That the task of supervision of operations and the observance of models and of keeping them updated was entrusted to an agency of the institution that enjoyed autonomous powers of leadership and auditing;
- That there was no omission or insufficient supervision on the part of the aforementioned auditing agency
- That the persons committing the crimes did so while fraudulently eluding the Organisation and Management models.

The conditions above must be collectively present in order to exclude the Institution from responsibility. The removal of Institutional guilt thus depends on the adoption and effective implementation of a Model for crime prevention and institution of a Supervisory Body within the model, which assumes responsibility to oversee the compliance of activities with the standards and procedures defined in the model.

While the model serves as a means of impunity, whether the predicate offence was in fact committed by an individual in a senior management or it was committed by an individual in a subordinate position, the Decree is much more rigid and severe.

It is appropriate to make a distinction:

1. In the event where the crime was committed by individuals in senior management, then the institution must demonstrate that the crime was committed by fraudulently eluding the

model; the Decree requires stronger proof of deniability, as the institution must also prove some kind of internal fraud on the part of the senior management.

2. In the event the crime was committed by individuals in a subordinate position, the institution can only be called to account if it can be ascertained that committing the crime was made possible by the oversight of duties in direction or supervision, that is to say the Institution inadvertently consented to committing the crime, by unsatisfactory management of the activities and individuals at risk of committing a predicate offence. This is a case of a verifiable organisational fault, not including cases where the institution, prior to the committing of the crime, had adopted and effectively implemented Organisation, Management, and Auditing models suitable for preventing crimes of that nature.

To embrace a model in accordance with the Decree is not obligatory in the legal sense, even if it does form the basis of criteria for institutional impunity in criminal proceedings, and it is the only instrument which, if effectively implemented, can potentially obviate any entanglement of the institution in the committing of crimes specified by the Decree. It follows then, that the adoption of an effective and efficient model is in the company's best interest.

1.5. Instructions of the Decree with respect to the characteristics of the Organisation, Management, and Auditing Model

The mere adoption of the model isn't itself a sufficient condition to exclude a company from responsibility; the Decree only assigns penalties to several general principles, without providing more specific characteristics. The model serves as a means to avoid penalty only if it is:

- Effective, that is reasonably suitable to prevent the crime or crimes committed;
- Effectively implemented, that is if its content is applied within company procedure and within the internal auditing system.

Regarding the model's effectiveness, the Decree stipulates the following minimum conditions be met:

- Company activities which create the environment wherein crimes can be committed are investigated;
- Specific protocols are drawn up that detail the immediate formation and implementation of company policies, as they relate to crime prevention;
- Investigations are conducted into establishing a means of managing financial resources suitable for impeding the committing of crimes;
- Punitive measures are introduced suitable to penalise the disrespect of the violated measures in the model;
- Incorporate an obligatory divulging of information to the Supervisory Board;
- With respect to the nature and scale of the organisation, as well as the business carried out, that there be appropriate measures to guarantee that activities are conducted in compliance with the law, and also to seek out and promptly eliminate situations of risk.

The Decree maintains that the model is subject to periodic review and update, whether because of an emergence of significant violations of the provisions, or if there are any significant alterations in the company's organisation or activity.

1.6. Crimes committed abroad

Pursuant to art. 4 of the Decree, the institution can be called to account in Italy as it relates to a predicate offence committed abroad.

The Decree, nevertheless, shall make this possibility under the following conditions:

- The State of the place where the crime was committed is not prosecuting
- The company has its headquarters within the territory of the Italian State;
- The crime is committed abroad by an individual connected operationally to the company;
- There are the basic conditions of admissibility provided by articles 7,8,9, & 10 of the penal code for prosecution within Italy of a crime committed abroad. Such referral is intended to coordinate with the stipulations of articles 24 to 25-j pursuant to legislative decree 231/2001, and thus - also according to the principle of legality set forth in art. 2 pursuant to legislative decree 231/2001 - in connection with the series of crimes mentioned in articles 7-10 of the penal code, the company will be able to counter only for that which it had in its responsibility provided for in an ad-hoc legislative solution.
- In a case where the law stipulates the guilty party be penalised at the request of the Attorney General, proceedings against the Institution are only applicable if the proposed request is also charged upon the Institution itself.

1.7. Applicable penalties

The institution deemed responsible can be condemned via four types of sanction or penalty (**see attachment A for details**), various in nature and by means of enactment:

- 1) *Pecuniary penalty*: is always applied if the judge holds the institution responsible. The latter depends on a system sized in "shares" determined by the judge. The severity of the pecuniary penalty depends on the gravity of the crime, by the extent of company responsibility, by the steps taken to eliminate or alleviate the consequences of the crime or to prevent the committing of other illicit acts. The judge, in determining the scope of the sanction, will also take into consideration the economic and equity conditions of the company.
- 2) *Disqualifying penalty*: can be applied in addition to pecuniary penalties but only if expressly stated for the crime being prosecuted and only when there is recourse to at least one of the following conditions:
 - The institution obtained a relevant profit from the crime and the crime was committed by a top individual, or by a subordinate individual, but only if the committing of the crime was made possible by grave organisational deficiencies;
 - In cases of recurrence of the offence.

Disqualifying penalties provided for by the Decree are:

- Temporary or permanent disqualification from participation in the activity;
- Suspension or revocation of the authorisations, licenses, or operating permits for the committing of the offences;
- Prohibition of contracting with the Public Administration, unless it is to obtain the benefits of a public service;
- Exclusion from incentives, financing, contributions, or subsidies and the possible revocation of those already conceded;
- The prohibition, temporary or permanent, of advertising goods or services.

Uncommonly applied with permanent effects, the disqualifying sanctions are more often temporary, in an interval from three months to a year, and focus specifically on the offending activity of the institution. These can also be applied as a precautionary measure, prior to the condemning sentence, at the request of the Attorney General, if there is a strong evidence for the institutions responsibility and there are established and specific elements to give a concrete impression of the danger of committing offences of the same type that is being prosecuted.

- 3) *Confiscation*: consists of the State acquisition of a prize or profit of the crime. (Ordinary confiscation) or of an equivalent valuation (equivalent confiscation) The profit of the crime has been defined by the United Sections of the Court of Cassation (see Cass. Pen., S.U. 27 March 2008, no. 26654) wherein the economic advantage presents the direct and immediate causation of the crime, and specifically determined net effectiveness benefits potentially obtained by damage in the realm of the pecuniary relationship with the institution; the United Sections have specified that such definition must exclude any parameter of a business type, for which the profit cannot be associated with the net profit effected by the institution (save for legislatively provisioned cases of receivership of the institution). Per the Naples Tribunal (Ord. 26 July 2007) a lack of equity reduction determined by the lack of disbursement of the sums of costs that would normally be sustained cannot be considered outside the concept of profit.
- 4) *Issuing a sentence of condemnation*: consists of the issuing of the condemnation one time only, paid partially or in full by the institution, in one or more of the newspapers indicated by the judge in sentencing as well as on the notice boards in the commune where the institution has its main headquarters.

Even though they're issued by a criminal court judge, all the penalties are administrative. The scope of the penalties outlined by the Decree is very severe, whether it be the considerable sum of the pecuniary penalties or because the disqualifying penalties can heavily limit the normal activity of company business, thereby precluding an array of potential business deals, etc.

The administrative penalties levied against the institution shall be time-barred after the commencement of the fifth year from the date of the committing of the crime.

In closing, it shall be specified, pursuant to art. 26(2) of the Decree that the institution does not comply in voluntarily prohibiting the completion of the action or the enactment of the event.

1.8. The Alteration of Institutional Practices

The Decree penalises the culpable parties of the institution in the event of altered practices, namely in cases of transformation, merger, secession, and divestiture of the company.

The fundamental principle maintains that the institution itself is called to respond, with its own assets or its own capital, when obligated to pay for pecuniary penalties. The law thus excludes, independent of the legal status of the collective entity, that partners or the associates would be required to pay with their own assets.

As the pecuniary penalties are levied against the institution, as a general rule, the principles of civil procedure are applied to the responsible institution undergoing transformation for the debts of the original institution. Conversely, the disqualifying penalties are to be borne by the institution which had been (or had merged with) the branch of activity constituting the environment wherein the crime was committed.

In cases where the institution is transformed, the responsibility for crimes committed previously remains unchanged from the time the transformation took effect. The new institution will thus be the recipient of the applicable penalties to the original institution, for actions taken prior to the transformation.

In cases of merger, the institution which results from the merger, even in instances of incorporation, must answer for the crimes which were the responsibility of the institutions that participated in the operation. If the latter occurred prior to the conclusion of a ruling to ascertain the institution's responsibility, the judgment must account for the economic conditions of the original institution and not those of the institution resulting from the merger.

In the event of divestiture or transfer of the company in the context of the crime being committed, unless for the benefit of the estimated forfeiture of the ceding institution, the transferee is fully bound with the ceding institution for the payment of pecuniary sanctions, up to the limits of the ceding company's valuation and to the limits of the pecuniary penalties which result from required business records, or of which the ceding company had knowledge. In any case, the disqualifying sanctions are applied to the institutions which remained or were transferred, even partially, to the branch of activity in the context of which the crime was committed.

2. EIUC: The Institution

The Institution EIUC is a legally recognised autonomous academic entity, not for profit, with the intention of promoting scientific research, academic study and technological transfer in the context of social and legal sciences - through an international initiative - that synthesises the notions of

protection of human rights and of democracy. The Institution issues degrees of study specified by the existing national legislation for legally recognised state Institutions; moreover, in the pursuit of the purposes specified above, it incurs the use of instrumental and financial allocations placed at its disposal by the sponsor institutions, namely proceeds of the fees, contributions, and donations.

It is specified that, as yet, the main sponsors of the Institution are the European Union and the University partners that shall provide the initial financial disbursement and also contribute to further activities with instrumental and financial allocations as relating to specific agreements.

The current system of Institutional corporate governance is constituted as follows:

Central governing bodies:

□ **The General Assembly**

The Assembly is the Centre's largest governing body; it provides direction and oversees the implementation of programmes. Members of the Assembly are the partners of the Centre, namely the universities and the institutions of higher education of which the centre is composed, represented by their Rectors or Vice Rectors or by a professor selected by the university as an expert in the study of human rights and democracy. The General Assembly is the sovereign body over the matters within its jurisdiction, and it's the Institution's highest voting body.

□ **Board of Administrators**

The Board of Administrators is invested with the greatest powers of day-to-day operations and extraordinary management over the Institution, in accordance with the stipulations provided by the Statute art. 12 (Powers of the Board of Administrators), with the ability to carry out all acts deemed valuable for the achievement of the company objective.

□ **The President**

The President of the Assembly and the Board of Administrators is the legal representative of the Institution in all settings and exercises all the abilities that are granted by the existing legislation, as much as is compliant, along with all the functions not explicitly granted by the statute to other agencies (art. 13 of the statute). In cases of absence or impediment, these functions are temporarily assumed by the First Vice-President (Art. 13 section 5 of the statute).

□ **The Secretary General**

The Secretary General performs the functions conferred with responsibility by the Board of Administrators and holds managerial responsibility of the Centre (Art. 15 of the statute). The Secretary General oversees the administrative tasks of the Institution, he's responsible for the organisation of services and technical/administrative personnel, ensuring the information flows which assists the decision-making of the Board of Administrators.

B) Advisory bodies, of discipline and of inspection:

□ **Auditors**

The Assembly nominates between one and three real Auditors and one or two alternate Auditors, chosen from among those listed in the Auditor's Registry (Art. 18 of the statute) Auditors are entrusted with accounting control with specific reference to the examination of the balance of

projections, the regular accounting meetings, and the accurate reporting of the paperwork related to financial management, in liquidity and assets¹.

▫ **The Honorary President and the Advisory Committee**

Among the facilitative bodies of the Institution there is also an Honorary President, namely a person of high moral and cultural standing that promotes the goals of the Institution and has the ability to participate, as a consultant, in the meetings of Central agencies (Art. 14 of the statute), as well as an Advisory Committee composed of individuals and representatives from international, national, and non-governmental organisations, all contributing to the scope of human rights and democratisation; the principal function of the latter is to provide scientific counsel to the Central agencies in relation to the substance of the institutional programmes in education, development, and research (Art. 16 of the statute).

3. Objectives of the Model

With the adoption of the Model, the Institution intends to punctually fulfil the provisions of the Decree to improve and most efficiently optimise the system of internal audits and corporate governance already in existence.

The principal objective of the Model is to create an organic system structured by principles and auditing procedures, in order to prevent, wherever possible and feasible, the committing of the crimes specified by the Decree. The Model will constitute the foundation of the system of Institutional government and it will move forward to implement the process of disseminating a culture of management based on accuracy, on transparency, and on legality.

The Model espouses the following objectives:

- Provide adequate information to whosoever works at the will of the Institution, or is connected to the same Institution by relationships pertinent to the goals of the Decree, with reference to the activities that contribute to a risk of committing crimes;
- Promote a management culture that is based in legality, insofar as the Institution condemns any behaviour that doesn't conform to the law or to internal policies, in particular the policies contained in the Model;
- Promote a culture of monitoring and risk management;
- Implement an effective and efficient organisation of activity, with emphasis on development of decisions and consequently their transparency and documented traceability, accountability of resources dedicated to the engaging of such decisions and their implementation, on provisions of monitoring, preventative and subsequent, as well as on the management of internal and external information;
- Implement all the necessary measures to reduce, as much as possible and in short order, the risk of committing crimes, evaluating the existing senior officials, and acting to discourage illicit conduct relevant to the stipulations of the Decree.

4. Methodology for Preparing the Institutional Model

The Institutional Model, inspired by the Guidelines pursuant to the legislative decree 8 June 2001 no. 231 originally proposed by Confindustria March 2008 and updated July 2014, was expanded on account of the specific activity conducted by the Institution, which affected its structure as well as the nature and scale of its organisation. It is also intended that the Model will be subjected to updates as they are deemed necessary, in light of future Institutional evolution and by the context within which the Institution may find itself operating.

The Institution has produced a preliminary analysis of the context and, subsequently, an analysis of the areas of activity that present potential risks, as related to crimes specified by the Decree. Specifically, the following aspects were analysed: history of the Institution, corporate environment, the related market sector, organisational framework, existing system of governance, the system of prosecution and delegation, the existing legislative relationships with third parties, operations, practices and procedures developed and disseminated throughout the Institution with regard to sensitive activities.

At the completion of the preparation of this document, in coherence with the policies of the Decree, with the Confindustria guidelines and with the indications presently derivable from the legal system, the Institution has proceeded thusly:

- With the identification, via interviews, of the processes, sub-processes or activities in which it is possible to commit predicate offences indicated by the Decree;
- With the self-evaluation of risks (so-called Risk self-assessment) relating to the committing of crimes and to the system of internal auditing suitable for preventing illicit behaviours;
- the identification of adequate supervisory officers, already extant or to be implemented in the practical and operating procedures, necessary for the prevention or mitigation of the risk of committing crimes from the Decree;
- the analysis of the system of delegates and powers and the assigning of responsibilities.

5. Model Updates and Modifications

This document must be capable of swift modification or integration with the vote of the Board of Administrators, also on the matter of the Supervisory Board, and thus will the Supervisory Board be alerted, when:

- There are violations or evasions of prescribed measures contained herein, which demonstrate the inefficacy or the incoherence of the existing means of crime prevention;
- There are significant legislative changes which occur, in the organisation or in the activity of the Institution;
- In all other cases in which the modification of the Model would be useful or necessary.

In any case, the potential occurrences that necessitate the modification or updating of the Model must be brought to the attention of the Supervisory Board in writing at the Board of Administrators,

so the Board may take a vote on the validity of such proceedings.

Modifications to the company procedures necessary for the implementation of the Model are to affect the work of the relevant duties. The Supervisory Board is regularly informed of the updates and the implementation of all new procedures.

6. Model, Code of Ethics

The Institution has adopted a Code of Ethics to develop the fundamental ethical values that serves as the model and which is intended to guide the latter in the fulfilment of tasks and the maintenance of trust.

The Code of Ethics, establishes a code of conduct and the standards of integrity and transparency to which all the Institutional employees at all levels must ascribe.

The guidelines established by the Code of Ethics are solidified through the observance of principles inherent to the duty to act in compliance with applicable laws, the duty to communicate potential conflicts of interest, the proper handling and use of company goods, the behaviour expected when privy to privileged information, and, generally the overall approach to ethical values which form the basis of the relationship between the Institution, the employees, the clients, and the vendors.

Observance of the rules contained in the Code of Ethics must be considered an essential part of the contractual obligations of the recipients of the same Codes and, consequently, the acceptance of the established courses of action is imperative for the existence of an occupational and collaborative relationship with the Institution.

7. Crimes relating to the Institution

The Institutional Model was developed with an understanding of the structure and the activity tangibly performed by the Institution, as well as the nature and scale of the organisation.

In consideration of these parameters, the Institution has considered the following as relevant predicate offences provided by the Decree:

- Arts. 24, 25 (Crimes against the Public Administration);
- Art. 24-A (Cyber-offences and illegal use of information);
- Art. 24-B (Organised crime offences)
- Art. 25- b (Corporate offences);
- Art. 25-G (Crimes of handling stolen goods (fencing), money-laundering, misuse of funds, handling of goods or monies acquired via illicit means as well as “laundered” assets;
- Art. 25-H Offences with regard to violations of the rights of the perpetrator;
- Art. 25-I Inducement to withhold a declaration or making misleading declarations to the judicial authorities;
- Art. 25-K Employment of citizens from non-member States with illegal residency;

- Art. 10, pursuant to legislation 16 March 2006, no.146 (Trans-national crimes).

The Institution shall endeavour to consistently re-evaluate the relevance of the Model's goals with respect to potential criminal activity, current or future. Provincial, Communal, C.A.L., etc.) in order to obtain authorisation, licensing, and concessions for the exercising of company business.

In consideration of the unique nature of the company business undertaken by EIUC and for the internal structure adopted, the following "sensitive" activities and instrumental processes were identified:

1. Management of relationships with general public figures (Regional, Communal, *Guardia di Finanza*, European Commission, etc.)
3. Relationships with Public Institutions in the request phase of financial aid, progress billings, accountability and collections
4. Management of compliance and operations in company law
5. Preparation of Annual Fiscal Statements
6. Managing judicial and extra-judicial disputes (civil, penal, administrative, and taxation), appointment of counsel and coordination of their activity
7. Management inspection visits conducted by the Inspection Agencies (Tax Authority, *Guardia di Finanza*, ASL, Labour Inspectors, Surveillance and Security Authorities, etc.) in the event of inspections and investigations.
8. Management of compliance relative to the health and security of the workplace and of relationships with Public Institutions in deference to the legal precautions and regulations for the use of employees dedicated to specific jobs
9. Use of resources and information of a computerised or otherwise digital nature namely any creative work protected by the rights of its maker
10. Activity related to the selection and management of personnel
11. Negotiations, stipulations and contract management for the provision of goods, services, consultations, contracts and subcontracts with private individuals (Partners or outside Vendors)
12. Management of gifts, grants, sponsorships, promotional activity, and charitable donations.
13. Management expense reimbursement
14. Management of representational expenses
15. Management of Institutional presentation to the public
16. Relationships with clients, vendors, partners (i.e. other Universities) for the management of negotiated agreements and related administrative, accounting, and treasury operations.
17. Management of relationships with third parties - public or private - in the development of operational activity for the profit and/or interests of the Institution
18. Management of compliance in the field of protecting privacy
19. Management of administrative processes - accounts and cash flow

8. Recipients of the Model

The Institutional Model applies to the following entities:

- a) Anyone who undertakes, even remotely, roles in management, administration, direction, auditing- including functions of a disciplinary nature- consultative and proactive within the Institution or in one of its autonomous organizational units;
- b) The employees of the Institutions, even if they are sent abroad for the implementation of the activities;
- c) to the body of teachers,
- d) To all subjects collaborating with the Institution in a subcontractor capacity, those collaborating on a project, or offering temporary labour, administration, scholarship, etc.;
- e) To those who, while not belonging to the Institution, work at the will or are paid by the latter, whether in a legal, consultative, or other capacity;
- f) To those subjects who act in the interest of the Institution insofar as they are connected to the same by legal, contractual means or accords of a different nature, for example, as a partner or third party for the creation or acquisition of a project.

Potential doubts relating to the applicability or application procedure of the Model to an individual or any group of individuals are addressed by the Supervisory Board requested by the responsible party of the area/function who sets up the legislative report.

All the recipients of the Model are bound to promptly comply with the policies contained therein and all procedures of implementation.

This document constitutes the internal rules of the Institution and is equally binding.

9. Supervisory Board

9.1. Role

The Institution shall establish, in compliance with the Decree, a Supervisory Board, autonomous, independent, and proficient in matters of risk control connected to the specific activity pursued by the Institution and associated laws.

The Supervisory Board is tasked with constant monitoring:

- of compliance with the Model by management, by employees, and by consultants of the Institution;
- of the Model's effective efficiency in preventing the committing of Crimes specified by the Decree;
- of the implementation of the Model requirements within the scope of the pursuit of Institutional activity;

- Of the updating of the Model, in cases where evidence necessitates the adjustment of the latter for reasons of developmental changes to the company structure and organisation beyond the baseline legislative framework.

The Supervisory Board shall have in place an operating regulation, fully support its contents and present them to the Board of Administrators at the first available session after the nomination.

9.2. Prerequisites and appointments of the members of the Supervisory Board

The Board of Administrators appoints the Supervisory Board (sitting alone), justifying the decision regarding the choice, based exclusively on the conditions of:

- *Autonomy and independence:* The autonomy and independence of the Supervisory Board constitute key elements for the success and credibility of the auditing activities.

The concepts of autonomy and independence don't have a valid definition in an absolute sense but must be detailed and framed in the operational complex wherein they shall be applied.

From the moment that the Supervisory Board is tasked with auditing the company operations and the applicable procedures, the position of the latter in the scope of the institution must guarantee its autonomy from every kind of interference and influence on the part of any component of the institution and in particular from the operating leadership, especially considering that the intended function of the Supervisory Board consists also of monitoring the activity of senior management positions. As such, the Supervisory Board will insert itself into the organisational chart of the Institution in the highest hierarchical position possible and it will answer, in the course of its work, only to the Board of Administrators.

Moreover, the autonomy of the Supervisory Board is ensured by the duty of the Board of Administrators to make specifically dedicated company resources available to the Supervisory Board, of an amount and value proportional to the work to be completed, and to approve, in the context of a budget formation, an adequate endowment of financial resources, to which the latter will have access for every exigency necessary for the proper fulfilment of their duties (e.g. Specialist consultants, travel expenses, etc.).

The autonomy and independence of individual members of the Supervisory Board are determined based on the role occupied and the tasks assigned, by identifying from whom and from what he/she must retain autonomy and independence to be able to carry out such tasks. The requirements of autonomy and independence presuppose that the individual chosen to fulfil the role of OdV does not occupy a position, real or potential, which constitutes a personal conflict of interest with the Institution. Consequently, the individual must not:

- (a) Be within four degrees of separation to a spouse, relative, or otherwise kindred person of the Institutional administration;
- (b) Be in any other situation of blatant or potential conflict of interest.

- *Expertise:* The Supervisory Board must possess, within itself, technical-professional proficiency adequate for the tasks it is called to fulfil. Thus, it is necessary for the Supervisory Board to include subjects with adequate expertise in economic and legal analysis, auditing and management of the corporate risks. In particular, the Supervisory Board must possess the specialised technical skills necessary to carry out inspection and management consultancy activity.

It's thus advisable, in keeping with best practices, that once a subject has been identified to fill a role on the Supervisory Board, the Board of Administrators, in the nomination process, verifies the existence of the required conditions from the organisational model, based not only on the applicant's CV, but also on official declarations and specific research by the Board conducted on the candidates.

In order to implement the useful and/or necessary expertise for the activity of the Supervisory Board, and to guarantee the expertise of the Supervisory Board (as well as its autonomy), the Supervisory Board will be allocated a specific budget of discretionary spending, intended for the optional acquisition from outside the institution, when necessary, skills which are deemed necessary and integral to the latter. The Supervisory Board will be able to, along with utilising the skills of external professionals, equip itself with competent resources in legal matters, in company organisation, review, accounting, finance, and security at the workplaces.

- *Continued implementation:* The Supervisory Board pursues the activities necessary for monitoring the Model, with appropriate dedication and with the necessary powers of inquiry, in a continuous manner.

The notion of continued implementation is not intended to mean "incessant operations" from the moment that such an interpretation would necessitate a Supervisory Board be entirely within the institution, when in fact such circumstances would indicate a departure from the necessary autonomy which must characterise the Supervisory Board. The continued implementation maintains that the activity of the Supervisory Board need not limit itself to periodic meetings of its members but should be organised based on a plan of action and a constant programme of monitoring activities and analysis of the institution's prevention system.

In order to facilitate the realisation of such a requirement, it is important that the Supervisory Board is based in the framework of the Institution or is sufficiently integral to the sensitive areas, in a way that promotes prompt responses on the effectiveness of the monitoring systems adopted and expressed in the organizational model.

Applying such principles to the corporate reality is within the specific considerations of the primary goals of the Supervisory Board; the Board of Administrators will make arrangements to establish the Supervisory Board, based on the following principles and with respect to the personal characteristics delineated herein:

- Must be an individual gifted with a proven technical capacity in legislative matters or regarding company organisation or auditing;

- possess and ability to be pinpointed among professional skills internal to the Institution or to the Group it belongs to or external of both of these.

The aforementioned characteristics are such as will guarantee the OdV the requisites for integrity, autonomy, independence, and professional skills required by the law, as well as the possibility of a continued implementation which must characterise the operations of the OdV. In this regard it is noted that the OdV is endowed with autonomous powers of initiative and monitoring and that, moreover, in the pursuit of ensuring independence, this party reports to the highest ranking senior manager, namely the Board of Administrators in its entirety, by which the former party is nominated or revoked.

After the formal acceptance of the nominated subject, the decision is communicated at every corporate level, through internal communications.

The OdV remains in power until the termination of the Board of Administrators that produced the nomination. The subject who occupies the role of Supervisory Board can be re-elected.

9.3. Eligibility requirements

The subject chosen for the role of Supervisory Board must be gifted with professional skills, integrity, independence, functional autonomy, and continued implementation, as well as the proficiency necessary for the development of the tasks specified by the Decree.

Candidates for the role of Supervisory Board are pre-emptively requested not to find themselves in any of the conditions of ineligibility and/or incompatibility listed below:

- (a) The condition of being subject to prevention measures pursued by the legislative authority per the ruling of 27 December 1956 no.1423 (law on prevention measures concerning dangerous persons for security and public decency) or the ruling of 31 May 1965 no.575 (anti-mafia policies);
- (b) the condition of being under investigation or having been condemned even with an indefinite or undelivered sentence pursuant to arts. 444 and ff penal code (Plea bargain) or even if the penalty is conditionally suspended, owing to the effects of rehabilitation:
 - (i) for one or more offences among those explicitly specified pursuant to legislative Decree 231/2001;
 - (ii) the imprisonment for a period of no less than two years for any crime for which they are not found guilty.
- (c) the condition of being disqualified, incapacitated, bankrupt, or to have been condemned, even with an indefinite sentence, for any crime that carries the punishment of disqualification, even temporarily, from public office or which disallows the exercising of the powers of an executive office;

- (d) the condition to have honoured the rank of a member of a Supervisory Board within a company to which was applied the penalties specified pursuant to art. 9 of the legislative Decree. 231/2001, unless 5 years have passed definitively from the proliferation of the penalties, and the constituency has not incurred any criminal conviction, even of an indefinite nature.

Satisfying even one of the aforementioned conditions establishes ineligibility for the post of OdV and, if already elected, the automatic deprivation of said post, without the need for a revoking vote by the Board of Administrators, which will provide a substitute.

9.4. Revocation, substitution, deprivation, and termination

Notwithstanding the preceding point, the revocation of the OdV can occur only through a vote by the Board of Administrators and only in the presence of a just cause.

These are the legitimising conditions for a revocation via just cause:

- The loss of eligibility requirements;
- Any breach of the duties inherent to the assigned position;
- The lack of good faith and diligence in the exercising of the appointed position
- The lack of collaboration with other members of the OdV
- More than two unexcused absences from OdV meetings

In the presence of just cause, the Board of Administrators revokes the nomination of the now unsuitable OdV and, after appropriate statements of purpose, provides an immediate substitute.

It is cause for disqualification of the appointment, if before the completion of the term specified in paragraph 10.2 there is any declaration of incapacity or impossibility to carry out the appointment.

The OdV can rescind the appointment at any time, following a minimum of one month's notice in written form substantiated by the Board of Administrators

In cases of disqualification or termination the Board of Administrators will promptly offer a substitute.

9.5. Activities and Powers

The Supervisory Board meets at least once per quarter.

In order to complete the assigned tasks, the Supervisory Board is invested with all the powers of initiation and monitoring over any company activity and level of personnel; and answers exclusively to the Board of Administrators within the company hierarchy.

The tasks and attributes of the OdV cannot be assumed by any other agency or company structure, with the understanding that the Board of Administrators can verify the consistency between what was pursued by the same Supervisory Board and the internal politics of the company.

The Supervisory Board performs its tasks in coordination with the other agencies or monitoring systems that exist within the Institution. Specifically:

- Coordinate with the relevant branch of the Institution as concerns the related aspects of training personnel regarding the topics of the Decree;
- Collaborate with relevant branches as concerns the interpretation and updating of the regulatory framework;
- Coordinate with the company branches that pursue activities of risk within all aspects relative to the effective implementation of the operating procedures of instituting the Model.

The Supervisory Board, in supervising the effective implementation of the Model, is assigned powers and rights which it exercises in compliance with the rules of law and individual rights of workers and related parties, articulated as follows:

- a) Perform or arrange to perform, under the Odv's direct supervision and responsibility, periodic inspection activities.
- b) Access all information regarding the Institution's sensitive activity;
- c) Request information or the exhibition of documents in connection with sensitive activities, from all subordinate employees of the Institution and, wherever necessary, from the administrators, the Auditors, the subjects with temporary positions insofar as possible with respect to the laws of health and safety, with all protection of securities and the sanitation of the workplace.
- d) Request information or the exhibition of documents in connection with sensitive activities from collaborators, consultants, agents and external representatives of the Institution and generally all the subject-recipients of the Model, selected pursuant to the provisions of paragraph 9;
- e) Make use of the help and support of the subordinate staff;
- f) Make use of outside consultants whenever problems are encountered that require proficiency in specialised skills;
- g) Propose the adoption of necessary penalties to the agency or senior manager of the disciplinary power, pursuant to paragraph 11;
- h) Periodically test the Model and, when necessary, propose potential modifications and updates to the Board of Administrators
- i) Define, in accordance with the appropriate services, a personal development programme in the scope of the topics pursuant to the legislative Decree 231/01;
- j) Periodically draft, at least once per year, a written report for the Board of Administrators, the minimum contents of which are specified in the subsequent paragraph 9.6

- k) In the event of grave or urgent circumstances, discovered in the course of activity, immediately inform the Board of Administrators

The Supervisory Board operates on the basis of an annual budget proposed by the Board of Administrators.

9.6. Flow of Information

The OdV reports exclusively to the Board of Administrators, regarding the implementation of the Model, the potential emergence of critical situations, the need for potential updates and optimisations in the Model, and the informing of violations detected.

As such, the Supervisory Board shall provide a biannual written report that outlines the following specific information:

- A summary of activity and monitoring performed by the OdV during the year;
- Potential discrepancies among the implemented operating procedures of the Model policies;
- New potential contexts for committing the crimes specified by the Decree;
- Verification of reporting received from external or internal subjects regarding possible violations of the Model and results of the verification relating to said reporting;
- The disciplinary procedures and possible sanctions applied to the Institution, meaning specifically those inherent to the risk activities;
- A general evaluation of the Model, with potential proposals for integration and improvement in structure and content, on the effective functionality of the same;
- Potential modifications to the baseline legislative framework;
- A financial statement for expenses sustained.

Subject to the terms articulated above, the President, the Board of Administrators, and the Auditor/s retain the ability to summon the OdV at any moment, which in its turn, has the ability to request, in the form of relevant powers and subjects, the meeting of the aforesaid agencies when they deem fit.

The Auditor/s, owing to their professional affinity and the work assigned to them by law, are one of the privileged and institutional parts of the OdV. The Auditor/s, upon evaluating the adequacy of the internal monitoring systems, must always be informed of the potential for the committing of crimes pursuant to the legislative decree 231/01, and potential shortcomings of the Model.

9.7. Flow of Information to the OdV

The Supervisory Board, also by the definition of a procedure, can determine the other kinds of information which the responsible parties in management of sensitive activities must communicate alongside the frequency and procedure with which the communications were delivered to the same OdV

The recipients of this document are obligated to communicate directly with the Supervisory Board to report cases of crimes committed and, more generally, all the behaviours and details which, though not explicitly producing an offence, do entail a deviation with respect to the provisions of the Model and the Code of Ethics.

The Supervisory Board will be permitted to use a dedicated email account.

odv@eiuc.org

All reporting, even anonymous, must describe the subjects and occurrences within the report in full detail.

In addition to the aforementioned report, the following must be duly transmitted to the OdV, via email:

- Information explicitly described in the Special Section of this document;
- Ongoing passive and active disputes when the other party is an institution or public figure (or equivalent status) and, upon conclusion, the relative outcomes;
- Provisions or news forthcoming from police, legislative, or any other authoritative agency which attests to the carrying out of investigatory activity for crimes specified in the Decree, initiated even without their knowledge.
- Requests for legal assistance in the case of initiation of legislative proceedings to one charged with the crimes specified in the Decree.
- Potential criticism/ improvements to the regulations of the Model;
- News relative the disciplinary proceedings and the penalties dispensed namely to the furnishing of records of such proceedings with the relevant arguments.

The OdV adopts measures suitable for guaranteeing the protection of the identity of anyone who submits information to the same Agency. Nevertheless, behaviours enacted exclusively to delay the OdV activity are accordingly prohibited. The Institution guarantees the reports against any form of retribution, discrimination, or penalisation and, in every case, the privacy of the reporter's identity is ensured, insofar as permitted by the law as are all the rights of the Institutions or persons accused wrongfully or in bad faith.

The reports received, and the documentation managed by the OdV are in general retained by the same OdV in a dedicated archive, print or digital. Access to such an archive is limited to authorised subjects by the OdV on a case-by-case basis.

The OdV evaluates the reports received and subsequently the potential provisions using its own discretion and responsibility, listening to the author of the report and/or the party responsible for the presumed violation, where appropriate. The OdV, moreover, adopts the measures deemed necessary for adequate development of the Model by providing the useful communications for potential sanctions; it must draw up in writing the decisions and possible rebuttals in an internal investigation. The following provisions are applied in compliance with the framework established by the punitive system adopted by the Institution.

All subjects receiving disclosure requirements are obligated to collaborate with the OdV, in order to permit the collection of all information deemed necessary by the OdV for a correct and complete evaluation of the report. Lack of or reticence to collaborate could be considered violations of the Model with the associated consequences also in terms of disciplinary action.

It is noted that the Supervisory Board bears no obligation to take action every time it receives a report, insofar as the decision is made at the discretion and responsibility of the Supervisory Board. The duty to provide information rests on all personnel who come into possession of knowledge related to the committing of crimes or a behaviour that deviates from the rules of conduct.

Finally, such information can also be collected directly by the OdV in the course of periodic monitoring activities via the procedures which the OdV shall deem most appropriate (by way of example, these may include the preparation and use of dedicated checklists).

10. Penalty system

10.1. General principles

Pursuant to arts. 6, par. 2, letter e), and 7 par. 4, letter B) of the legislative decree 231/2001, the Models of Organisation, Management, and Auditing, the adoption and implementation of which constitute *sine qua non* for the exemption of Company responsibility in cases of crimes committed pursuant to legislative decree, can only be considered effectively implemented if they furnish a disciplinary system suitable to penalise the failure to observe the measures indicated therein.

The system must address subordinate employees along with collaborators and third parties which operate on behalf of the Company, including suitable penalties of a disciplinary nature in the first instance, and of a contractual/negotiating nature (ex. Cancellation of the contract, removal from the list of suppliers, etc.) in the second instance.

The application of disciplinary penalties is independent from the commencement or results of any possible criminal proceedings; insofar as the organisation models and the internal procedures constitute binding regulations for their recipients, the violation of which must, in order to comply with the dictates of the cited Legislative Decree, be penalised independently from the actual implementation of a crime or the criminality of the same. The principles of timeliness and immediacy of the penalty make it not only a duty, but also inadvisable to delay the application of the disciplinary measure pending the criminal trial. The Institution condemns any behaviour deviating from the law, from the Model, and from the Code of Ethics, even if such behaviour is enacted for the benefit of Institutional interests as well as having the intention to cause an advantage for the same.

Every Model violation, and, more in general, all those behaviours and those actions that, even though not specifically producing an offence, constitute a deviation from the provisions laid down by the same Model, by the Code of Ethics or the adopted procedures of the Institution, must be immediately

reported to the Supervisory Board, subject to the procedures and provisions responsible to the holders of disciplinary power.

The necessity of reporting rests with every recipient of the Model.

After having received the report, the Supervisory Board must immediately enact the necessary inquiries, after safeguarding the confidentiality of the subject being proceeded against. The penalties are adopted by proficient company agencies, under the powers conferred by the statute or by internal legislation of the Institution. After the appropriate evaluation, the OdV will inform the senior official of the disciplinary power that will begin the proceedings of the dispute and hypothetical application of penalties.

The following comportments are examples which constitute disciplinary infractions:

- The violation, also through omission and in potential collusion with others, of principles and procedures presented by the Model or established for its implementation;
- The drawing up, potentially in collusion with others, of falsified documentation;
- The facilitation, by means of omission, of the drawing up by others, of falsified documentation
- The subtraction, destruction, or alteration of documentation inherent to the procedure for evading the monitoring system provided by the Model;
- Obstruction of the OdV's monitoring activities;
- Impeding access to information and documentation requested by subjects responsible for monitoring procedures and decisions;
- The enactment of any other conduct intended to elude the monitoring system provided by the Model.

10.2. Penalties for management and for subordinate workers

This Organisational Model constitutes a company legislation in every sense, expressions of the powers of the employer to instil policies for the execution and the discipline of the occupational duties; it will be made available in an accessible place to all and will also provide the disciplinary code.

Thus, the subjects to whom this legislation is directed are bound to abide by all the obligations and requirements contained therein and to align their own behaviour with the conduct outlined in the same. Without prejudice to the rights of compensation for damages, the possible non-fulfilment of such duties will be subject to disciplinary penalties with respect to the proportionality between penalty and infraction and with respect to the procedure specified in art. 7 of the law 33/1970 as well as the applicable CCNL. For example:

- It will be incurred by means of the provision of a VERBAL REQUEST or WRITTEN ADMONITON to the worker that presents actions or omissions of a mild amount disregarding the internal procedures specified by the Model (e.g. Not observing the

prescribed procedures, failing to communicate with OdV about specific information, failing to carry out the monitoring functions, also on subjects subordinate to his/her direction, etc.) or adopts, in the performance of actions in the at-risk areas, a behaviour which does not conform to the same Model;

- The provision of a FINE may also be inflicted on a worker who more often disregards the internal procedures specified by the Model or consistently maintains, in the performance of activity in the at-risk areas, a behaviour which doesn't conform to the specifications of the same Model; that to disregard by investigation and possible dispute of the single violation;
- SUSPENSION FROM SERVICE AND FROM PAYMENT will be incurred by the worker who commits acts that exposes the Institution to an objectively dangerous situation by disregarding internal procedures or maintaining (in performance of activity in at-risk areas) a behaviour which doesn't conform to the specifications of the Model. In such behaviours there can also be identified the conviction of damages or a dangerous situation regarding the integrity of the goods of the company;
- The DISMISSAL WITH COMPENSATION NOTICE OF REPLACEMENT will be incurred by the worker who maintains, in the performance of activity in at-risk areas, a behaviour which doesn't conform to the prescriptions of this Model and that leads to the committing of a crime specified by the Decree, where such behaviour led to a noticeable damage or a situation of noticeable consequences;
- DISMISSAL WITHOUT NOTICE will be incurred by the worker who maintains, in the performance of activity in the at-risk areas, a behaviour in blatant violation of the prescriptions of the Model and as such leads to the actual incurring of charges by the Institution for violations specified by the Decree. Said behaviour is such that would radically lower the Institution's faith in that worker owing to the possibility of creating a severe adverse consequence for the company.

The type and extent of any of the above sanctions requested will also, in their application, account for:

- The intentionality of the behaviour or the severity of negligence, imprudence, or incompetence with regards also to how potentially foreseeable the event was;
- Due to the overall behaviour of the worker with particular attention paid to whether or not the same party incurred any prior discipline, within the limits permitted by law;
- The responsibility of the worker;

- Of the functional position of the people involved in the actions constituting the failure;
- Any other specific circumstances which accompany the disciplinary infringement.

10.3. Measures regarding Administrators

In the case of violation of the current regulation and the Organisational Model on the part of the behaviour by the Board of Administrators of the Institution, the Supervisory Board will inform the Board of Administrators which will have to assume the appropriate initiatives pursuant to the law, summoning the General Assembly when necessary.

10.4. Measures regarding Auditor/s

In case of violations of this Model on the part of one or more of the Auditors, the Supervisory Board will inform the entire board of Auditors (if present) and the Board of Administrators, which will take the appropriate steps including, for example, the summoning of the General Assembly for the purposes of adopting the most suitable measures pursuant to the Law.

10.5. Measures regarding Consultants and Partners

Any behaviour engaged in by collaborators, consultants, or other third party colleagues of the Institution, linked contractually to the Institution not as an employee, in violation of the provisions of the legislative decree 231/2001, will be grounds to implement the application of penalties or in cases of severe deficiencies, result in the dissolution of the contractual relationship, without prejudice to a possible request for any reparations from the behaviour which resulted in damages to the Institution, which may also be applied independently of the dissolution of the contractual relationship.

To that end there are specific provisions, with particular attention to the activities entrusted to third parties in outsourcing, included in specific clauses of relevant contracts that ensure:

- Understanding of the Decree by third party contractors,
- Declaration of assurance by third party contributors and by the employees and collaborators of the same third party.

To abstain from behaviours that constitute the possibility of offences pursuant to legislative decree 231/01, to adopt suitable monitoring systems (to deter the effective completion of crime or criminality of the same) which will clarify the consequences in cases of violation of the provisions specified by the clause. Such a declaration can be substituted for a unilateral declaration of certification on the part of the third party or collaborator regarding their knowledge of the Decree and the assurance to immediately assume the appropriate activity regarding the specifics of the law.

10.6. Sanctions and Disciplinary Measures regarding Teachers

Regarding the violations of the Model perpetrated by teachers, the disciplinary system is applied in conformity with the EIUC Statute and the specifications of the Master's Programmes

With regards to the EIUC, the Board of Administrators is capable of pursuing the phased investigation of disciplinary proceedings and to make conclusive decisions. The same Board is obligated to inform the OdV of every disciplinary proceeding enacted, as well as furnish the transmission of documentation related to the same at the request of the OdV.

The initiation of the disciplinary proceeding lies with the President of the EIUC, which, for every act which could be grounds for imposing penalties shall submit the acts to the OdV, developing a substantiated proposal.

The OdV, shall hold a hearing of the Board of Administrators through one of its delegates, as well as the professor who is subject to disciplinary action and within thirty days express a binding opinion on the proposal submitted by the CdA both relating to taking the appropriate actions vis-a-vis the disciplinary plan, and relating to the kind of penalty to impose and transmitting the actions to the President of the EIUC, for making further resolutions

11. Development and Information

11.1. Selection

The OdV, in coordination with the Secretary General and Functional Administration, evaluates, along with the Function authorities, the procedures through which to implement or update a specific system of personnel in selective phases, that account for the company needs related to the application pursuant to the legislative decree. 231/2001

11.2. Information and development

In the interests of effectiveness of this Model, it is the objective of the EIUC to guarantee correct divulging and awareness of the rules of conduct contained herein regarding the resources already present in the company and also those to be included, with varying degrees of study in relation to the various levels of implication of the same resources in the at-risk activities.

The informational system and ongoing development are supervised and integrated according to the activities enacted in this field by the Supervisory Board which oversees the activities operating in collaboration with the Secretary General or other Function delegates and with the responsible parties of the Function who are involved in the application of the model on a case-by-case basis.

The current Model is transmitted to all current resources present in the company at the time of the adoption of the same. To that end, the Institution is committed to making available, in print and/or digital form, in the reception area or communal areas, the material dedicated to the duly updated subject.

Newly hired individuals are issued an informational document, including the Model and the Code of Ethics, for the purpose of acquainting the themselves with the thematic principals pursuant to legislative decree 231/01 The aforesaid themes are the foundation of the developmental activities in the following paragraphs.

For all Institution ²employees, to whom were issued copies of the Model, pursuant to legislative decree 231/01 and the Code of Ethics, it is also requested that a formal declaration of commitment, be acquired in written form, which will contain the following:

² From the list of employees bound to the declaration of commitment, there can be excluded, at the discretion of the Institution, only the employees dedicated to operational tasks which cannot in any way contribute to the exercise of sensitive activities in terms of the legislative decree. 231/2001 Also for such employees it is emphasised that the current Organisational Model constitutes in all senses a company regulation, an expression of the employer's power to impart policies for the execution and discipline of work and insofar as it remains in a universally accessible location, it will constitute a disciplinary code.

The undersigned

Declares that:

- I have received a copy of the Code of Ethics and a copy of the*

Organization, Management, and Auditing Model (referred to as the "Model") adopted by EIUC (Referred to as the Institution), as well as a copy of the Legislative Decree 8 June 2001, no. 231 (referred to as the "Decree");

- I have carefully read the Code of Ethics, the Model, and the Decree and I am committed to observing the prescriptions contained therein.*

In light of this, I declare to have understood the contents of the Code of Ethics, the Model, and the Decree

Signature

The developmental activity, designed to disseminate the understanding of the regulation pursuant to legislative decree 231/2001, is differentiated in its contents and the process of distribution depending on the qualifications of the recipients, the level of risk of the area in which they operate and the presence or absence of representative duties for the Institution.

It is the duty of the Secretary General or other functional delegate to:

- Provide an outline of a yearly updating programme to be shared with the OdV of EICU, which specifies, in conformity with the strictures of the Model, an intended course of action for the management personnel and the subordinate personnel;
- Prepare an annual calendar to be communicated, together with a content brief

Of the programme, to the OdV of EIUC.

By contrast it falls to the OdV to inform the Secretary General or other delegated functionaries regarding:

- Modification to the reference regulations by way of integrated developmental meetings;
- Necessity of integrated developmental actions following the revelation of errors and/or deviations from the correct execution of operating procedures applied in the decree. "Sensitive activities."

12. Periodic Inspections of the Model

Supervisory activity performed continuously by the OdV in order to: a) monitor the effectiveness of the Model (worth noting, the coherence between the concrete behaviours of the recipients and the Model itself), b) implement the periodic evaluation of appropriateness, with respect to the requirements of preventing crimes pursuant to legislative decree 231/2001, of the codified procedures that penalise the risk activities and c) proceed with the relevant updates to the Model, materialising, firstly- in the OdV Monitoring (Work Plan).

The monitoring system serves to:

- Ensure the operating procedures satisfy the prescriptions of the existing laws,
- identify the areas which require corrective actions and/or improvements and verify the effectiveness of corrective actions;
- Develop, within the company, a culture of monitoring, also with the intent to best support the potential inspection visits by various decision makers, with diverse titles, in their examination activities.

Internal inspections are managed by the Supervisory Board. For the performance of planned inspection activities, the Supervisory Board can make use of the collaboration of personnel in other capacities, uninvolved with the inspection activities, with specific proficiencies, or external consultants.

The "Work Plan" covers a year (January-December of every fiscal year) and for every monitored activity indicates the following:

- C. The period of implementation of the inspection
- D. Selection of the sample

- E. The information flows (flows of information of the operating staff to the OdV) specified for every monitoring activity enacted;
- F. The activation of potential developmental actions (Activity of resolution of the procedural and/or informational shortcomings) for every anomaly detected.

The company areas to be inspected and the frequency of inspections depend on a series of factors which are:

- Risk pursuant to legislative decree 231/2001, relative to the outcome of the mapping of sensitive activity;
- Evaluation of existing monitoring procedures;
- Results of previous audits

Extraordinary audits not included in the Work Plan are planned in the event of substantial modifications in the organisation or to a process, or in the case of suspect items or communications which do not conform or whenever the OdV decides to implement additional monitoring.

To facilitate the periodic inspections of the effectiveness and the updating of the Model by the OdV, the case-by-case collaboration of various company functionaries is requested. All the company powers are duty-bound to fully support the efficient performance of monitoring activities, including internal contact points that manage the relationship with consultants and commercial partners and are in their turn bound to adequately document the activity that occurs. The powers charged with the selection of employees, partners, and vendors must ensure the retention of the updated profiles of the partners and vendors.

The results of monitoring are always minuted and transmitted according to the procedure and intervals of reporting provided for by the preceding paragraph 5.4

EIUC considers the results of these inspections as fundamental for the improvement of the Organizational Model. Thus in the pursuit of guaranteeing the effective implementation of the Model, the feedback from the inspections relating to the adequacy and effective implementation of the Model are discussed in the scope of the Supervisory Board and trigger, where applicable, the Disciplinary System.

