ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

Pursuant to **Legislative Decree No. 231 of 8 June 2001**

AVSI FOUNDATION

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DEFINITIONS

- **"Beneficiaries":** all those targeted by AVSI's cooperation and development projects, whether through direct funding or through donations from donors;

- **"CCNL**": the National Collective Labour Agreement currently in force and applied by the AVSI Foundation;

- **"Suppliers**": third parties who, under a contractual relationship entered into with the AVSI Foundation, supply goods or services;

- **"Legislative Decree 231/01"** or **"Decree**": Legislative Decree No. 231 of 8 June 2001, as amended;

- **"Recipients":** all persons required to comply with the principles set out in the Code; in particular, this includes all those working towards the achievement of the Foundation's aims and objectives (members of the organisation's governing bodies, persons involved in the functions of the Supervisory Body, employees, contractors, external consultants and partners).

- **"Employees, contractors and expatriate staff**": individuals working for the AVSI Foundation in Italy or abroad, under various types of employment contract (permanent, project-based, MAE contract, etc.);

- "Donors": all natural or legal persons who donate sums of money to the AVSI Foundation in the form of charitable donations or through specific forms of project funding;

- **"Model**": the organisational, management and control model provided for by Legislative Decree 231/2001 and adopted by the AVSI Foundation;

- **"Supervisory Bodies":** internal supervisory bodies within the Foundation that exercise management and oversight functions regarding the organisation's performance in accordance with the provisions of the Articles of Association, or external auditors appointed by funding bodies to verify and ascertain the Foundation's correct and transparent use of the funds disbursed;

- **"Supervisory Body"** or **"OdV"**: the body within the AVSI Foundation responsible for supervising the functioning of and compliance with the Model and for updating it in accordance with Article 6 of Legislative Decree 231/2001;

- **"Partner":** Organisations or associations with which the AVSI Foundation collaborates to implement cooperation and development projects;

- "Public Administration" **(P.A.)**: the Public Administration, including its officials and persons entrusted with public service duties;

- **"Sensitive Processes**": activities of the AVSI Foundation in which there is a risk of offences being committed;

- **"Offences**": offences giving rise to the organisation's administrative liability pursuant to Legislative Decree 231/01 (including any future amendments);

- **"Local Offices**": facilities managed by the Country Representative, in which AVSI staff and local staff work. They constitute AVSI's operational arm in the implementation of cooperation projects;

- **"Internal control system":** the set of "tools" that helps to ensure the achievement of operational efficiency and effectiveness objectives, the reliability of financial and management information, compliance with laws and regulations, and the safeguarding of the organisation's assets and those of third parties;

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

GENERAL PART

CHAPTER 1
DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

Legislative Decree No. 231 of 8 June 2001 (hereinafter referred to as 'Legislative Decree No. 231/2001' or the 'Decree'), implementing the powers conferred on the Government by Article 11 of Law No. 300 of 29 September 2000[1] , regulations were laid down concerning *the 'liability of legal entities for administrative offences arising from criminal offences*'.
In particular, these provisions apply to bodies with legal personality and to companies and associations, including those without legal personality.

Under the provisions introduced by Legislative Decree No. 231/2001, organisations may be held "liable" for certain offences committed or attempted in their interest or for their benefit by members of senior management (so-called "persons in senior positions" or simply "senior managers") and by those subject to the direction or supervision of the latter (Article 5(1) of Legislative Decree No. 231/2001)[2] .

The administrative liability of legal entities is separate from the criminal liability of the natural person who committed the offence and, under certain conditions, exists alongside the latter.

This extension of liability essentially aims to make the assets of legal entities – and, ultimately, the economic interests of their shareholders – liable for the punishment of certain offences; prior to the entry into force of the decree in question, shareholders did not suffer any direct consequences from offences committed, in the interest or for the benefit of the entity, by directors and/or employees[3] .

Legislative Decree No. 231/2001 introduces a significant change to the Italian legal system in that entities are now subject, directly and independently, to both financial and disqualification sanctions in relation to offences attributed to persons functionally linked to the entities within the meaning of Article 5 of the decree.

The organisation's administrative liability is, however, excluded if it has, amongst other things, adopted and effectively implemented, prior to the commission of the offences, organisational, management and control models suitable for preventing such offences; such models may be adopted on the basis of codes of conduct (guidelines) drawn up by

[1] Legislative Decree No. 231/2001 was published in the Official Gazette of 19 June 2001, No. 140, and Law No. 300/2000 in the Official Gazette of 25 October 2000, No. 250.

[2] Article 5(1) of Legislative Decree No. 231/2001: "Liability of the organisation – *The organisation shall be liable for offences committed in its interest or for its benefit: a) by persons holding positions of representation, administration or management within the organisation or within one of its organisational units endowed with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the organisation; (b) by persons subject to the management or supervision of any of the persons referred to in point (a)".*

[3] This is the introduction to Confindustria's *Guidelines for the development of organisational, management and control models pursuant to Legislative Decree No. 231/2001*.

associations representing companies, including Confindustria, or other non-profit organisations operating within the specific context of non-governmental organisations, in collaboration with the Directorate-General for Development Cooperation of the Ministry of Foreign Affairs[4] .

Administrative liability is, in any case, excluded if senior managers and/or their subordinates acted solely in their own interests or in the interests of third parties[5] .

1.2 Perpetrators of the offence: senior managers and subordinates

As mentioned above, according to Legislative Decree No. 231/2001, the organisation is liable for offences committed in its interest or for its benefit:

- by "persons holding representative, administrative or managerial positions within the organisation or within one of its organisational units endowed with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the organisation itself" (the aforementioned "senior management" or "senior officials"; Article 5(1)(a) of Legislative Decree No. 231/2001); and/or
- by persons subject to the management or supervision of one of the senior officers (so-called 'persons subject to the management of others'; Article 5(1)(b) of Legislative Decree No. 231/2001).

It should also be reiterated that the organisation is not liable, by express provision of the law (Article 5(2) of Legislative Decree No. 231/2001), if the persons referred to above acted in their own exclusive interest or in the interest of third parties.

1.3 Types of offence

Under Legislative Decree No. 231/2001, the organisation may be held liable only for the offences expressly referred to in Articles 23 to 25-undevicies of Legislative Decree No. 231/2001 (Annex 1), provided they are committed in its interest or for its benefit by the persons defined under Article 5(1) of the Decree itself, or in the case of specific legal provisions that refer to the Decree, such as Article 10 of Law No. 146/2006.

For the sake of clarity, these offences may be grouped into the following categories:

- **offences against the public administration** (misappropriation of public funds, unlawful receipt of public funds, fraud against the State, a public body or the European Union, or committed to obtain public funds, and computer fraud against the State or a public body; fraud in public procurement; corruption, extortion, embezzlement, bid-rigging, interference with the

[4]Guidelines for a Code of Quality and Self-Regulation for Third Sector Organisations, 2019; Ministerial Guidelines for the Preparation of the Social Report, 2019.

[5] Article 5(2) of Legislative Decree No. 231/2001: "Liability of the organisation – *The organisation shall not be held liable if the persons referred to in paragraph 1 acted in their own exclusive interest or in the interest of third parties*".

freedom of the ‘ ’ (public tender) or the contractor selection process, and the misappropriation of money or movable property), Articles 24 and 25 of Legislative Decree 231/2001;

- **cybercrimes and unlawful processing of data**; cybercrime offences, Article 24-bis of Legislative Decree 231/2001;
- **organised crime offences**, Article 24-ter of Legislative Decree 231/2001;
- **offences relating to the forgery of currency**, public credit cards, revenue stamps and identification documents or marks, Article 25-bis of Legislative Decree 231/2001;
- **offences against industry and commerce**, Article 25-bis 1 of Legislative Decree 231/2001;
- **corporate offences**, including the offence of corruption between private individuals and the offence of making false or omitted declarations for the issue of the preliminary certificate, Article 25-ter of Legislative Decree 231/2001;
- **offences committed for the purposes of terrorism or the subversion of the democratic order**, Article 25-quater of Legislative Decree 231/2001;
- offences against physical integrity, with particular reference to the sexual integrity of women, Article 25-quater 1 of Legislative Decree 231/2001;
- **offences against the individual relating to the protection of minors and enslavement**, Article 25-quinquies of Legislative Decree 231/2001;
- **criminal and administrative offences relating to market abuse**, Article 25-sexies of Legislative Decree 231/2001;
- **crimes of negligent homicide or causing serious or very serious bodily harm committed in breach of regulations on accident prevention and the protection of health and hygiene at work** (Articles 589 and 590, paragraph 3 of the Criminal Code), Article 25-septies of Legislative Decree 231/2001;
- **offences of handling stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as self-laundering**, Article 25-octies of Legislative Decree 231/2001;
- **offences relating to non-cash payment instruments,** Article 25-octies.1 of Legislative Decree 231/2001;
- **offences relating to the breach of European Union restrictive measures**, Article 25-octies.2 of Legislative Decree 231/2001;
- **offences relating to copyright infringement**, Article 25-novies of Legislative Decree 231/2001;
- **the offence of inducing a person not to make statements or to make false statements to the judicial authorities**, Article 25-decies of Legislative Decree 231/2001;
- **transnational offences relating to criminal organisations**, money laundering, migrant smuggling and obstruction of justice (Law No. 146 of 16 March 2006, Articles 3 and 10);
- **environmental offences**, Article 25-undecies of Legislative Decree 231/2001;

- **the employment of third-country nationals residing in Italy illegally**, Article 25-duodecies of Legislative Decree 231/2001;
- **the offence of propaganda and incitement to commit a criminal offence on grounds of racial, ethnic or religious discrimination**, Article 25-terdecies of Legislative Decree 231/2001;
- **the offence of fraud in sporting competitions, the unauthorised operation of gambling or betting activities, and gambling carried out using prohibited devices**, Article 25-quaterdecies of Legislative Decree 231/2001;
- **tax** offences, Article 25-quinquiesdecies of Legislative Decree 231/2001;
- **smuggling offences,** including those under the Consolidated Law on Excise Duties (Legislative Decree No. 504/1995), such as evasion of excise duty assessment or payment, the illicit manufacture of alcohol and alcoholic beverages, the irregular management of the storage and movement of products subject to excise duty, as well as evasion, by any means or method, of the assessment or payment of excise duty on manufactured tobacco, Article 25-sexiesdecies of Legislative Decree 231/2001;
- **offences against cultural heritage**, Article 25-septiesdecies of Legislative Decree 231/2001
- **laundering of cultural property and the destruction and looting of cultural and landscape heritage,** Article 25-duodevicies of Legislative Decree 231/2001;
- **offences against animals,** Article 25-undevicies of Legislative Decree 231/2001

Finally, the same Decree introduced a specific criminal offence, entitled 'Failure to comply with disqualification orders' (Article 23 of Legislative Decree 231/2001), which also gives rise to the administrative liability of legal entities.

The categories listed above may well increase further due to the legislative trend towards extending the administrative liability provided for in the Decree, including in line with international and EU obligations.

In a nutshell, the Decree therefore provides that if any of the aforementioned persons (senior managers or those subject to their management or control) commits one of the listed offences whilst acting in the interests of or for the benefit of the organisation, the latter – without prejudice to the personal criminal liability of the person who actually committed the offence – shall be liable to an 'administrative' sanction.

1.4 Penalty provisions

Articles 9–23 of Legislative Decree No. 231/2001 provide for the following sanctions to be imposed on the organisation as a result of the commission or attempted commission of the offences mentioned above:

– a financial penalty (and preventive seizure as a precautionary measure);

- disqualification sanctions (which may also be applied as a precautionary measure) lasting for a period of not less than three months and not more than two years (it being noted that, pursuant to Article 14(1) of Legislative Decree No. 231/2001, *'Disqualification sanctions relate to the specific activity to which the entity's offence* refers') which, in turn, may consist of:
  - ✓ prohibition from carrying out the activity;
  - ✓ suspension or revocation of authorisations, licences or concessions necessary for the commission of the offence;
  - ✓ a ban on contracting with the public administration, except for the provision of a public service;
  - ✓ exclusion from benefits, funding, grants or subsidies, and the possible revocation of those already granted;
  - ✓ a ban on advertising goods or services;
- confiscation (and preventive seizure as a precautionary measure);
- publication of the judgement (in the event of the imposition of a disqualification order).

The financial penalty is determined by the criminal court through a system based on 'units', numbering no fewer than one hundred and no more than one thousand, with amounts ranging from a minimum of €258.22 to a maximum of €1,549.37. In determining the financial penalty, the court shall establish:

- ✓ the number of units, taking into account the seriousness of the offence, the degree of the organisation's liability, and the measures taken to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences;
- ✓ the amount of each instalment, based on the entity's financial and asset situation.

In the cases expressly provided for by law, the financial penalty may be determined as a percentage – specified for each offence – of the entity's total global turnover for the financial year preceding that in which the offence was committed or, if lower, for the financial year preceding the imposition of the financial penalty.

Disqualification sanctions apply only in respect of offences for which they are expressly provided for, and provided that at least one of the following conditions is met:

(a) the organisation has derived a substantial profit from the commission of the offence and the offence was committed by persons in senior management positions or by persons under the direction of others where, in the latter case, the commission of the offence was caused or facilitated by serious organisational failings;

b) in the event of repeated offences.

The court shall determine the type and duration of the disqualification order, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, where necessary, may apply them jointly (Article 14, paragraphs 1 and 3, Legislative Decree No. 231/2001).

Sanctions involving disqualification from carrying out business activities, a ban on contracting with the public administration and a ban on advertising goods or services may be imposed – in the most serious cases – on a permanent basis[6] . It should also be noted that the entity's activities may be continued (instead of the sanction being imposed) by a commissioner appointed by the court in accordance with and subject to the conditions set out in Article 15 of Legislative Decree No. 231/2001.

1.5 Attempted Crimes

In cases where offences punishable under Legislative Decree No. 231/2001 are committed in the form of an attempt, the financial penalties (in terms of amount) and disqualification penalties (in terms of duration) shall be reduced by one-third to one-half.

No sanctions shall be imposed in cases where the organisation voluntarily prevents the act from being carried out or the event from occurring (Article 26 of Legislative Decree No. 231/2001). The exclusion of sanctions is justified, in such cases, by the severance of any link of identification between the organisation and the persons acting in its name and on its behalf.

1.6 Offences committed abroad

According to Article 4 of Legislative Decree No. 231/2001, the organisation may be held liable in Italy in relation to offences – covered by Legislative Decree No. 231/2001 itself – committed abroad[7] . The Explanatory Report to Legislative Decree No. 231/2001 emphasises the need to ensure that a frequently occurring criminal situation is not left unpunished, not least to prevent the entire regulatory framework in question from being easily circumvented.

The conditions on which the liability of the organisation for offences committed abroad is based are:

(i) the offence must be committed by a person functionally linked to the organisation, within the meaning of Article 5(1) of Legislative Decree No. 231/2001;
(ii) the organisation must have its principal place of business within the territory of the Italian State;

[6]See, in this regard, Article 16 of Legislative Decree No. 231/2001, which states: *"1. A permanent ban on carrying out business activities may be imposed if the organisation has derived a substantial profit from the offence and has already been sentenced, at least three times in the last seven years, to a temporary ban on carrying out business activities. 2. The court may impose on the organisation, on a permanent basis, the sanction of a ban on contracting with the public administration or a ban on advertising goods or services where it has already been sentenced to the same sanction at least three times in the last seven years. 3. If the body or one of its organisational units is consistently used for the sole or predominant purpose of enabling or facilitating the commission of offences in respect of which the body is held liable, a permanent disqualification from carrying out its activities shall always be imposed, and the provisions of Article17*" *shall not apply*.

[7] Article 4 of Legislative Decree No. 231/2001 provides as follows: *"1. In the cases and under the conditions set out in Articles 7, 8, 9 and 10 of the Criminal Code, organisations having their principal place of business within the territory of the State shall also be liable in respect of offences committed abroad, provided that no proceedings are brought against them by the State in which the offence was committed. 2. In cases where the law provides that the offender is to be punished at the request of the Minister of Justice, proceedings against the body shall be brought only if the request is also made against the body itself*."

(iii) the body may be held liable only in the cases and under the conditions set out in Articles 7, 8, 9, 10 of the Criminal Code (in cases where the law provides that the offender – a natural person – is to be punished at the request of the Minister of Justice, proceedings against the body shall be brought only if the request is also made against the body itself) and, in accordance with the principle of legality referred to in Article 2 of Legislative Decree No. 231/2001, only in respect of offences for which its liability is provided for by a *specific* legislative provision;

(iv) where the circumstances and conditions set out in the aforementioned articles of the Criminal Code apply, proceedings against the organisation shall not be brought by the State in which the offence was committed.

1.7 Exempting effect of the organisational, management and control models

Legislative Decree No. 231/2001 attributes exculpatory value to the organisation, management and control models of the entity.

Where the offence has been committed by a person in a senior position, the organisation is not liable if it proves that (Article 6(1) of Legislative Decree No. 231/2001):

a) the management body had, prior to the commission of the offence, adopted and effectively implemented organisational and management models suitable for preventing offences of the type that occurred;

b) the task of supervising the functioning of and compliance with the models, and of ensuring they are kept up to date, has been entrusted to a body within the organisation with independent powers of initiative and control;

c) the persons committed the offence by fraudulently circumventing the organisational and management models;

d) there was no failure or inadequacy in supervision on the part of the supervisory body.

In the case of an offence committed by senior managers, there is therefore a presumption of liability on the part of the organisation, due to the fact that such individuals express and represent the policy and, consequently, the will of the organisation itself. This presumption, however, may be rebutted if the organisation succeeds in demonstrating that it is unconnected to the acts alleged against the senior official by proving that the above-listed concurrent requirements are met and, consequently, that the commission of the offence does not stem from its own 'organisational fault'[8] .

[8] The Explanatory Report to Legislative Decree No. 231/2001 states the following in this regard: *"For the entity to be held liable, it will therefore be necessary not only for the offence to be objectively attributable to it (the conditions under which this occurs, as we have seen, are governed by Article 5); furthermore, the offence must also constitute an expression of corporate policy or, at the very least, result from organisational negligence*". And further: *"The starting point is the (empirically founded) presumption that, in the case of an offence committed by senior management, the 'subjective' requirement for the organisation's liability [that is,* the *organisation's so-called* 'organisational fault'*] is satisfied, since senior management expresses and represents the organisation's policy; where this is not the case, it is for the company to demonstrate its lack of involvement, and it may do so only by proving the existence of a series of concurrent requirements."*

In the case, however, of an offence committed by persons subject to the direction or supervision of others, the organisation is liable if the commission of the offence was made possible by a breach of the obligations of direction or supervision with which it is required to comply[9] .

In any event, a breach of the obligations of management or supervision is excluded if the organisation, prior to the commission of the offence, has adopted and effectively implemented an organisational, management and control model suitable for preventing offences of the type that occurred.

In the case of an offence committed by a person subject to the management or supervision of a senior manager, there is a reversal of the burden of proof. The prosecution must, in the circumstances provided for in the aforementioned Article 7, prove the failure to adopt and effectively implement an organisational, management and control model suitable for preventing offences of the type that occurred.

Legislative Decree No. 231/2001 sets out the content of organisational and management models, stipulating that, in relation to the scope of delegated powers and the risk of offences being committed, as specified in Article 6(2), they must:

- ✓ identify the activities within which offences may be committed;
- ✓ set out specific protocols designed to plan the formulation and implementation of the organisation's decisions in relation to the offences to be prevented;
- ✓ identify methods for managing financial resources that are suitable for preventing the commission of offences;
- ✓ establish reporting obligations towards the body responsible for monitoring the functioning of and compliance with the models;
- ✓ introduce a disciplinary system suitable for sanctioning failure to comply with the measures set out in the model;
- ✓ to establish, in accordance with Legislative Decree No. 24 of 10 March 2023, internal reporting channels that enable senior management, staff and third parties (e.g. volunteers, partners, consultants) to submit reports to safeguard the integrity of the organisation, whilst ensuring the confidentiality of the whistleblower's identity, the identities of those involved and the content of the report, as well as protection against any form of retaliation.

Article 7(4) of Legislative Decree No. 231/2001 also sets out the requirements for the effective implementation of organisational models:

- ✓ periodic review and, where necessary, amendment of the model when significant breaches of the requirements are discovered or when changes occur in the organisation's structure or activities;
- ✓ a disciplinary system designed to penalise failure to comply with the measures set out in the model.

[9] Article 7(1) of Legislative Decree No. 231/2001: "Persons subject to the direction of others and the organisation's operational models – *In the case provided for in Article 5(1)(b), the organisation is liable if the commission of the offence was made possible by a failure to comply with management or supervisory obligations*".

With regard to offences relating to health and safety at work, Article 30 of Legislative Decree No. 81/2008 (the so-called Consolidated Safety Act) stipulates that the organisational, management and control model must be adopted by implementing a company-wide system to ensure compliance with all relevant legal obligations:

- ✓ compliance with the statutory technical and structural standards relating to equipment, installations, workplaces, and chemical, physical and biological agents;
- ✓ risk assessment activities and the preparation of the resulting prevention and protection measures;
- ✓ activities of an organisational nature, such as emergency procedures, first aid, contract management, regular health and safety meetings, and consultations with workers' health and safety representatives;
- ✓ health surveillance;
- ✓ activities relating to the provision of information and training to workers;
- ✓ monitoring workers' compliance with safety procedures and work instructions;
- ✓ obtaining documentation and certifications required by law;
- ✓ periodic checks on the implementation and effectiveness of the procedures adopted.

1.8 Codes of conduct drawn up by associations representing organisations

Article 6(3) of Legislative Decree No. 231/2001 provides *"Organisational and management models may be adopted, whilst ensuring compliance with the requirements set out in paragraph 2, on the basis of codes of conduct drawn up by associations representing the entities, which are communicated to the Ministry of Justice; the Ministry, in consultation with the relevant ministries, may, within thirty days, make observations on the suitability of the models for preventing offences*".

Confindustria has drawn up the *"Guidelines for the development of organisational, management and control models pursuant to Legislative Decree No. 231/2001'*, providing, amongst other things, methodological guidance for identifying areas of risk (sectors/activities within which offences may be committed), the design of a control system (the so-called protocols for planning training and implementing the organisation's decisions) and the content of the organisational, management and control model.
These guidelines were deemed applicable to the AVSI Foundation, as they are comprehensive, well-structured and generally applicable to various types of organisations.

In particular, the Confindustria Guidelines recommend the use of *risk assessment* and *risk management* processes and set out the following stages for defining the model:

– identification of risks and protocols;

– adoption of certain general tools, the main ones being a code of ethics relating to offences *under* Legislative Decree No. 231/2001 and a disciplinary system;
– identification of the criteria for selecting the supervisory body, setting out its requirements, duties and powers, and its reporting obligations.

In addition to these recommendations – which were drawn up for corporate entities but are perfectly applicable to other types of organisations – it is essential to take into account the guidelines set out specifically for civil society organisations and third sector bodies.

With the entry into force of the Third Sector Reform and the launch of the Single National Register of the Third Sector (RUNTS), transparency and accountability have taken on a significance that is no longer merely voluntary, but strictly regulated. In this context, the day-to-day operations of organisations are exposed to a complex range of criminal risks. In addition to traditional areas of concern – such as dealings with national and international public administrations to secure funding, the management of procurement contracts, the purchase of goods and services, and compliance with regulations on health and safety at work and labour law obligations – new and significant risk factors have emerged.

In summary, given the ordinary conduct of business activities – even in the non-profit sector – it has been found that the adoption of a specific Organisational, Management and Control, in line with the principles set out in Legislative Decree 231/2001, helps to prevent risks of criminal and administrative liability, whilst safeguarding the organisation's reputation in the eyes of donors, beneficiaries and funding bodies.

The AVSI Foundation has therefore adopted its own Organisation, Management and Control Model based on the Confindustria Guidelines and the Guidelines for a Code of Quality and Self-Regulation for Third Sector Organisations (CQA) approved by the National Third Sector Forum. These guidelines represent the systematic evolution of the historical self-regulatory initiatives promoted by the NGO sector, including the document 'Pathways to Quality and Transparency' drawn up in 2011 by INTERSOS and CISP within the framework of Italian Cooperation.

1.9 Assessment of suitability

The determination of liability, which falls to the criminal court, is carried out by:
– verifying the existence of the predicate offence giving rise to the organisation's liability;
– an assessment of the suitability of the organisational models adopted.

The court's assessment of the abstract suitability of the organisational model to prevent the offences referred to in Legislative Decree No. 231/2001 is conducted according to the criterion of the so-called 'post hoc prognosis'.

The assessment of suitability must be made according to a substantially *ex ante* criterion, whereby the judge, in an ideal scenario, places themselves within the corporate context at the time the offence occurred in order to assess the adequacy of the model adopted.

CHAPTER 2
DESCRIPTION OF THE ORGANISATION'S OPERATING ENVIRONMENT – ELEMENTS OF THE *GOVERNANCE* MODEL AND THE GENERAL ORGANISATIONAL STRUCTURE OF THE FOUNDATION

2.1 The history of the AVSI Foundation

The AVSI Foundation, with its registered office in Cesena, was established as an association in 1972 under the name 'Associazione Volontari per il Servizio Internazionale'.

It is a non-profit organisation (ONLUS *by law*) which, in keeping with the Catholic presence in society and in the light of the Church's social teaching and doctrine, has as its institutional aim the promotion of development cooperation activities, including at an international level, of volunteering initiatives and of support for the populations of developing countries and countries with economies in transition, as well as all countries where situations of severe need or states of emergency arise, implementing, in the latter cases, humanitarian aid interventions. Furthermore, the Foundation promotes international adoption and foster care, either directly and/or through its internal bodies, supporting all those involved through training programmes, activities aimed at providing assistance, as well as through contacts with authorities, bodies, organisations or individuals responsible for national and/or international adoption.

In 1973, it was recognised by the Italian Ministry of Foreign Affairs as a non-governmental organisation for international cooperation (NGO). Since 2016, the AVSI Foundation has been registered on the list of non-profit civil society organisations maintained by the Italian Agency for Development Cooperation. By virtue of this registration, it is also eligible to receive a contribution equivalent to 5 per thousand of personal income tax, following registration with the Italian Revenue Agency. It is an organisation authorised by the Italian government to carry out activities relating to international adoption procedures and the Civil Service.
Since 2024, the AVSI Foundation has been registered with the RUNTS as a Third Sector Entity (ETS). In the United States, it is registered with the Department of State in the System for Award Management (SAM). At an international level, in addition to being a signatory to the UN Global Compact, it holds general consultative status with the United Nations Economic and Social Council (ECOSOC) and is accredited with UNICEF, UNIDO and on the ILO's Special List.
The full list of accreditations and licences is available at https://www.avsi.org/accreditamenti-e-membership.

In 2001, AVSI began the process of adopting a quality management system, which was followed by the award of the relevant certification in 2003 and continued compliance with the UNI EN ISO 9001 standard. The certification covers the provision of services

for the planning of cooperation, aid and development support initiatives in collaboration with, and on behalf of, the main institutional, national and international donor organisations.

On 2 December 2004, the meeting of the founding members resolved to transform the AVSI association into a foundation, naming it "Fondazione AVSI" or "AVSI Fondazione" and approving its Articles of Association. The name was subsequently amended by the Board of Directors on 18 April 2019, in accordance with the new Third Sector Code, to "Fondazione AVSI – ETS" or, in short, "AVSI – ETS".

On 24 June 2005, the AVSI Foundation was entered in the prefectural register referred to in Article 1 of Presidential Decree No. 361 of 10 February 2000, thereby obtaining recognition as a legal entity.

As confirmation of its commitment to promoting the principles of equity, inclusion and social responsibility, the Foundation obtained Gender Equality Certification (UNI/PdR 125:2022) in 2025. The adoption of the relevant controls and performance indicators has been integrated into the management system, strengthening the transparency and compliance of the processes for the selection, management and development of human resources.

2.2 AVSI Foundation

The AVSI Foundation pursues the following objectives:

a) to raise public awareness, particularly amongst students, university students and the working world, of issues relating to the countries and areas where it operates;
b) to provide appropriate professional and personal development for staff, volunteers and civil service volunteers;
c) to promote and implement development programmes aimed at involving all sectors of economic and social life, in collaboration with local communities and civil society organisations – including for-profit organisations – and in harmony with the development plans of local institutions;
d) to publish essays, leaflets, books, written works and audiovisual materials – excluding daily newspapers – which may contribute to raising public awareness of the organisation's institutional aims and, more generally, to organise, promote and manage, directly or indirectly, any cultural activity useful for the pursuit of these same social aims, with particular attention to activities aimed at raising awareness of issues relating to international cooperation and development education; to organise events at national, regional or international level for this purpose;
e) to collaborate with institutions, organisations (including private ones), and both national and international authorities interested in cooperation for the benefit of countries;

f) to collaborate with movements, groups or communities which, sharing the Foundation's aims, promote knowledge, culture and cooperation amongst different peoples;
g) to join organisations, unions, bodies, and national and international federations that pursue the same aims and objectives;
h) carry out direct or indirect charitable activities in support of people in need, or activities in the public interest;
i) to carry out activities relating to the humanitarian reception and social integration of migrants;
l) to carry out activities aimed at protecting civil rights;
m) to carry out scientific research of particular social interest;
n) the protection and enhancement of the environment and the landscape;

The Foundation also carries out fundraising activities in accordance with Article 7 of Legislative Decree 117/2017, in compliance with the relevant Guidelines adopted by Decree of the Ministry of Labour and Social Policies on 9 June 2022.

The Foundation is committed to supporting the work of the United Nations by promoting its principles and activities.

The Organisation may also carry out any activity or operation deemed necessary, appropriate or otherwise useful for the achievement of its institutional purpose, including all economic, financial and asset-related operations in general, whether relating to movable or immovable property, in compliance with the laws in force and applicable.

2.3 *Governance* model of the AVSI Foundation

The Founders' Assembly approves and defines, on the proposal of the Board of Directors, the general policies and guidelines for the Foundation's activities, and assesses the results achieved by the Organisation itself.
The Assembly of Founders holds specific powers in accordance with the provisions of the Articles of Association. The following powers are worth highlighting:

a) to resolve on any amendments to the Articles of Association;
b) to grant the status of Founder and Participant to third parties;
c) to approve and amend the Foundation's Code of Ethics;
d) to resolve on the dissolution of the Foundation and the distribution of its assets.

Within the Founders' Assembly, only the institutional Founders are responsible for:

a) appoint the members of the Board of Directors;
b) appoint the members and the Chair of the Board of Auditors;

c) approve the budget and final accounts, determining the allocation of any operating surpluses;
d) approve the social report.

There is also a Board of Participants, comprising the organisations and natural or legal persons whom the AVSI Founders' Assembly, upon the Association's conversion into a Foundation, democratically and unanimously resolved should assume this role. Participants also include natural persons and bodies that contribute to the life of the Foundation and to the achievement of its aims, outside of employment or permanent collaboration relationships.

The Council of Participants, chaired by the President of the Foundation, participates in the life of the Foundation by formulating non-binding opinions and proposals on the organisation's activities and programmes.

The Foundation is administered by a Board of Directors comprising seven directors who, unless otherwise resolved by the General Meeting, hold office for four financial years, their term expiring on the date of the General Meeting convened to approve the financial statements for the final financial year of their term of office, and who are eligible for re-election.

The Board of Directors has full powers for the day-to-day and extraordinary management of the Foundation. In particular, it is responsible for:

(a) to submit to the Founders' Assembly an annual report containing proposals regarding the broad policy directions and main guidelines for the Organisation's activities, together with the relevant objectives and programmes;
(b) to draw up the budget and the final accounts, as well as the social report where necessary;
(c) to decide on the acceptance of legacies, bequests and donations, as well as on the purchase and disposal of immovable property;
(d) to propose any amendments to the Articles of Association to the Founders' Meeting;
(e) to carry out all other duties assigned to the Board of Directors by the Articles of Association and by the Founders' Assembly;
(f) to appoint the Secretary-General;
(g) to determine the level of remuneration payable to the Secretary-General;
(h) where deemed appropriate, to appoint an *advisory board*, comprising authoritative and qualified individuals from outside the Foundation, to provide advisory support on the direction of its activities.

The Board of Directors may delegate part of its powers to the Chair, the Deputy Chair, the Secretary-General or individual Board members.

The Chair represents the Foundation in dealings with third parties and in legal proceedings, convenes and chairs the Founders' Assembly, the Participants' Council and the Board of Directors, and oversees the implementation of the resolutions passed. He

acts and defends the Foundation before any administrative or judicial authority, with the power to appoint authorised representatives and determine their powers. The Chairperson also has the power to grant power of attorney for the performance of individual acts or categories of acts. The Chairperson further exercises all powers delegated to him or her by the Board of Directors.

The Secretary-General is responsible for the operational management of the Organisation, exercising all powers of day-to-day administration as well as those of extraordinary administration specifically conferred upon him by the Board of Directors, including the power to represent the Organisation in dealings with third parties and in court, within the scope of the powers conferred upon him by the Board of Directors.

The Board of Auditors consists of three standing members, one of whom acts as Chairperson, and two alternate members.
The Board of Auditors supervises the financial management of the Organisation, ensures that the accounts are kept in accordance with the rules, examines the draft budget and final accounts, drawing up a specific report, and carries out cash audits. The Board is also responsible for ensuring that the Foundation's activities comply with the law and the Articles of Association, and that the principles of sound administration are observed, including with regard to the provisions of Legislative Decree 231/01, where applicable, as well as for ensuring the adequacy of the organisational, administrative and accounting structure and its effective functioning. The Board of Auditors also monitors compliance with the Foundation's civic, solidarity-based and social utility objectives and certifies that the social report has been drawn up in accordance with the guidelines adopted pursuant to Legislative Decree 117/2017.
The Board remains in office for four financial years and its members may be reappointed.

In September 2020, the Advisory Board was established and its members appointed. The Advisory Board may provide support to the Board of Directors, the Chair and the Secretary-General on a wide range of issues, including the definition of strategic guidelines – particularly in view of the complexity and volatility of the context in which the Foundation operates – or on specific matters which the Board and/or its Chair or the Secretary-General deem appropriate to refer to it. Furthermore, the Advisory Board will support the Chair in the process of gathering nominations for the renewal of the Board of Directors, in accordance with the Regulations approved by the AVSI Founders' Assembly.

2.4 Organisational structure of the AVSI Foundation

The Secretary-General is responsible for coordinating operational activities and acts as the employer.

The organisation is described and governed *by the AVSI Organisation Chart* – April 2026, which is subject to updating and revision where necessary.

The following Directorates report to the Secretary General:

- Strategic Communication and Advocacy, to which the following departments, in turn, report:
  - Project & Media Communication
  - Visual Communication
  - Digital Communication

- Programme Development, Quality and Learning, which in turn oversee:
  - Project Design Unit
  - Knowledge Management, which oversees Monitoring, Evaluation, Accountability, Learning and Sharing (MEAL), International Adoptions, and Sector and Thematic Leads

- Fundraising, which in turn oversees:
  - Market Development
  - Fundraising Campaign
  - Community Engagement & Events

- Corporate Services, on which the following in turn depend:
  - General Accounting and Finance
  - Operations Management and Reporting
  - Information Technology
  - Safety & Security
  - Risk Management
  - Internal Legal

- Human Resources, which in turn oversees:
  - Recruitment & Employer Branding
  - Performance & Engagement
  - People Development
  - Employee Relations

- The Environmental, Social and Governance Partnership (ESG) Division, dedicated to negotiating and managing highly structured and large-scale projects developed in partnership with private companies

As part of the 2025 organisational review, the role of Area Director was established, which plays a strategic leadership role in overseeing the regions assigned to it.

This position ensures that regional strategies are aligned with AVSI's objectives, facilitating inter-regional collaboration to optimise AVSI's positioning and growth.

Committees are set up to act as oversight and coordination bodies.
In particular:

- the Executive Committee is responsible for coordinating decision-making and operations, in line with the Board of Directors' guidelines;
- the Strategy Committee serves as the broadest forum for managerial coordination, aimed at sharing information, gathering feedback and ensuring alignment between head office, regions and countries;
- the Gender Equality Steering Committee, established by the Board of Directors as part of AVSI's commitment to promoting equal opportunities.

The Foundation's organisational chart provides for further and more specific subdivisions and forms an integral part of this Model in its version as updated from time to time and set out in the annex (Annex 2).

Whenever the organisational chart is amended, the Contact Person for each sensitive process – as defined in more detail below in sub-paragraph 8.2.4 – must assess whether the changes have such an impact as to warrant amending the Code itself. In such cases, the Contact Person must promptly notify the Supervisory Body, which, having assessed the report, will take the necessary action.

In the context of international cooperation, the AVSI Foundation draws on the support provided by some of its own staff who, as part of the implementation of a specific project, operate directly from the relevant foreign country. In some countries, in fact, the AVSI Foundation maintains a permanent presence through its own 'local offices'. Furthermore, for each foreign country, regardless of whether AVSI has a permanent presence there, a *Country Representative* is appointed to represent the Foundation in that country, by virtue of a mandate of legal representation conferred upon them by the Secretary-General. The *Country Representative* acts in the name and on behalf of AVSI and, in carrying out their duties, liaises with the *Regional Manager*, who reports to the Area Director. The power of attorney is granted to *the Country Representative* following their reading and signing of a commitment to comply with all AVSI regulations.

The *Regional Manager* oversees all operational and external relations activities (in accordance with the Region's organisational structure) within a specific geographical area (see Annex 2).
The role ensures the effective implementation of strategic objectives, operational excellence and financial performance, whilst supervising the countries falling within the Region's remit.

In this regard, collaboration agreements – or specific contracts – are entered into with local partners and/or associations, which are independent of the AVSI Foundation, and which make available their permanent presence in the foreign country and their specific expertise in certain areas of intervention for the implementation of projects.

In order to ensure that control mechanisms remain consistently aligned with the organisation's complex operations, the Foundation has established a dedicated and

independent Internal Audit function. This function is responsible for carrying out periodic audits and systematic, in- s of operational processes and procedures, both nationally and within the scope of projects and offices operating internationally, ensuring structured monitoring of the functioning of the internal control system and providing a constant flow of information to the Supervisory Body.

CHAPTER 3: ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AND METHODOLOGY FOLLOWED FOR ITS PREPARATION

3.1 Introduction

The adoption and ongoing updating of an organisational, management and control model pursuant to Legislative Decree No. 231/2001 not only serves as a means of preventing unlawful conduct but also constitutes grounds for exemption from liability for the organisation and represents an act of social responsibility on the part of the AVSI Foundation. The Foundation, mindful of the need to ensure fairness and transparency in the conduct of its activities, to safeguard its image and standing, and to protect its employees, collaborators and related third parties, has decided to implement an Organisation, Management and Control Model (hereinafter referred to as the 'Model') as required by Legislative Decree 231/2001.

The introduction of a system to monitor the Foundation's activities, together with the establishment and dissemination of ethical principles, further enhances the already high *standards* of conduct adopted by the Foundation; these serve a regulatory function in that they govern the behaviour and decisions of those who are called upon to work on behalf of the organisation on a daily basis, in accordance with the aforementioned ethical principles and standards of conduct.

The AVSI Foundation continuously implements a process aimed at keeping its Organisational Model up to date with the Foundation's current circumstances, in compliance with the requirements of Legislative Decree No. 231/2001 and consistent with the principles already embedded in its *governance* culture.

3.2 The AVSI Foundation's Project for the adoption of the organisational, management and control model pursuant to Legislative Decree No. 231/2001

The methodology chosen to carry out the Project – in terms of organisation, the definition of operational procedures, phased implementation and the allocation of responsibilities amongst the Foundation's various departments – was devised to ensure the quality and credibility of the results.

The project to define and adopt the Model was divided into the six phases set out below:

1) Identification, in consultation with the Secretary-General, of a project coordinator;
2) Preliminary meeting with the project coordinator aimed at:
   a) identify and gather the relevant documentation;
   b) a preliminary interview to make an initial identification of sensitive activities;
   c) identifying the individuals to be interviewed in order to obtain detailed information on individual sensitive activities;

d) planning the interviews;
3) Interviews with the identified individuals focusing on:
   a) precise identification of sensitive activities;
   b) a description of sensitive activities and the business functions involved;
   c) assessment of the existence and application of control standards;
4) Recording and sharing of interview findings;
5) Preparation, based on the results of the interviews and document analysis, of a detailed information sheet for each sensitive activity containing:
   a) potential offences where, in relation to the activity, an abstract risk of committing an offence attributable to the 'categories' of offences set out in Legislative Decree 231/2001 has been identified;
   b) an assessment of the level of exposure to the risk of offences being committed;
   c) an assessment of existing control protocols and possible improvements;
   d) an assessment of the residual risk of an offence;
   e) identification of areas for improvement.
6) Drafting of the Model.

Upon completion of the project to adopt the Model, the necessary improvement measures were identified to raise the *compliance* standard for each sensitive activity and, consequently, to minimise the risk of offences being committed.

3.3 The AVSI Foundation's organisational, management and control model

Legislative Decree No. 231/2001 provides that, subject to the fulfilment of the other conditions set out in Articles 6 and 7 of the same Decree, the adoption and effective implementation of organisational, management and control models constitute a defence, to the extent that such models are capable of preventing, with reasonable certainty, the commission or attempted commission of the offences referred to therein.

In particular, pursuant to paragraph 2 of Article 6 of Legislative Decree No. 231/2001, an organisational and management model must meet the following requirements:
a) identify the activities within the scope of which offences may be committed;
b) provide for specific protocols designed to plan the formulation and implementation of the organisation's decisions in relation to the offences to be prevented;
c) identify methods for managing financial resources that are suitable for preventing the commission of offences;
d) set out reporting obligations to the body responsible for monitoring the functioning of and compliance with the models;
e) introduce a disciplinary system suitable for sanctioning failure to comply with the measures set out in the model.

In light of the above considerations, the AVSI Foundation has sought to draw up a Model which, based on the guidelines provided by the codes of conduct drawn up by

representative trade associations, takes account of its own specific characteristics, in line with its *governance* system, so as to make the most of existing controls and bodies.

The adoption of the Code, pursuant to the aforementioned Decree, is not mandatory. The Foundation has, however, deemed such adoption to be in line with its corporate policies in order to:

- establish and/or strengthen controls enabling the AVSI Foundation to prevent or respond promptly to prevent the commission of offences entailing the organisation's administrative liability, by senior management and by persons subject to their direction or supervision;
- raise awareness, for the same purposes, amongst all those who collaborate with the Foundation in various capacities (external collaborators, donors, suppliers, etc.), requiring them, within the limits of the activities carried out in the interests of AVSI, to adopt conduct that does not entail the risk of offences being committed;
- to safeguard its own integrity by complying with the obligations expressly set out in Article 6 of the Decree;
- to improve the effectiveness and transparency of the management of the Foundation's activities;
- to establish that the potential perpetrator was fully aware that they were committing an offence that is strongly condemned and contrary to the Foundation's interests, even where the Foundation might, on the face of it, appear to benefit from it.

The Model, therefore, represents a coherent set of principles, procedures and provisions which: i) affect the internal functioning of the Foundation and the ways in which it interacts with the outside world; and ii) govern the diligent management of a control system for sensitive activities, aimed at preventing the commission, or attempted commission, of the offences referred to in Legislative Decree No. 231/2001.

The Model, as approved by the Board of Directors of the AVSI Foundation, comprises the following constituent elements:

– a process for identifying the activities within the scope of which the offences referred to in Legislative Decree No. 231/2001 may be committed;
– the establishment of control *standards* in relation to the identified sensitive activities;
– a process for identifying appropriate methods for managing financial resources to prevent the commission of offences;
– the establishment of a supervisory body vested with duties and powers commensurate with the functions set out in the Model;
– information flows to and from the supervisory body and specific reporting obligations towards the supervisory body;
– a disciplinary system designed to sanction breaches of the provisions contained in the Model;
– a training and communication plan for employees and other parties who interact with the Foundation;
– definition of criteria for updating and adapting the Model;
– Code of Ethics;

– a formalised system of delegated powers and responsibilities;
– a formalised system of procedures.

The Model contains:
(i) in the general section, a description relating to:
  – the relevant regulatory framework;
  – the corporate context, *governance* system and organisational structure of the AVSI Foundation;
  – the methodology adopted for *risk assessment* and *gap analysis* activities;
  – the identification and appointment of the AVSI Foundation's supervisory body, specifying its powers, duties and information flows;
  – the function of the disciplinary system and the related sanctions framework;
  – the training and communication plan to be adopted in order to ensure awareness of the measures and provisions of the Model;
  – criteria for updating and adapting the Model;

(ii) in the special section, a description relating to:
  – sensitive processes/activities and *the* related control *standards*.

The Code of Ethics sets out the ethical principles and values that underpin the organisation's culture and which must guide the conduct and behaviour of those acting in the Foundation's interests, both within and outside the organisation. These principles and values are consistent with the rules of conduct contained in this Model.

CHAPTER 4
THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

4.1 The Supervisory Body of the AVSI Foundation

In accordance with the provisions of Legislative Decree No. 231/2001 – Article 6, paragraph 1, letters a) and b) – the organisation may be exempted from liability arising from offences committed by the persons *referred to in* Article 5 of Legislative Decree No. 231/2001, provided that the management body has, amongst other things:

– adopted and effectively implemented organisational, management and control models suitable for preventing the offences in question;
– entrusted the task of monitoring the implementation and observance of the model, as well as promoting its updating, to a body within the organisation endowed with autonomous powers of initiative and control.

The task of continuously monitoring the widespread and effective implementation of the Model, ensuring compliance with it by those subject to it, and proposing updates to improve its effectiveness in preventing offences and illegal acts, is entrusted to this body established by the Foundation within its own organisation.

The entrusting of the aforementioned tasks to a body with autonomous powers of initiative and control, together with the proper and effective performance of those tasks, therefore constitutes an essential prerequisite for exemption from liability as provided for by Legislative Decree No. 231/2001.

The Confindustria Guidelines identify autonomy and independence, professionalism and continuity of action as the main requirements for the supervisory body.

In particular, according to these Guidelines, (i) the requirements of autonomy and independence entail: the supervisory body to be established *"as a staff unit at the highest possible hierarchical* level", for the supervisory body to report directly to the highest level of management, and for the supervisory body to have no operational duties which – by involving it in operational decisions and activities – would jeopardise its objectivity of judgement; ii) the criterion of professionalism must refer to *the 'range of tools and* techniques'[10] necessary to carry out the supervisory body's activities effectively; iii)

[10] *"These are specialist techniques typical of those carrying out 'inspection' activities, but also consultancy work involving the analysis of control systems and legal matters, and, more specifically, criminal law*." Confindustria, *Guidelines*, op. *cit*. In particular, these are techniques that can be used:
as a preventive measure, to adopt – when designing the organisational model and making subsequent amendments – the most appropriate measures to prevent, with reasonable certainty, the commission of the offences in question;
on an ongoing basis, to verify that day-to-day conduct actually complies with the codified rules;
retrospectively, to ascertain how an offence of the type in question could have occurred and who committed it.
By way of example, the Confindustria Guidelines mention the following techniques:
– statistical sampling;
– risk analysis and assessment techniques and measures for their mitigation (authorisation procedures; mechanisms for the segregation of duties);
– *flow-charting* of procedures and processes to identify weaknesses;

continuity of action – which ensures the effective and consistent implementation of the organisational model *under* Legislative Decree No. 231/2001, which is particularly intricate and complex in large and medium-sized companies – is facilitated by the presence of a structure dedicated exclusively and on a full-time basis to the supervision of the model and *'free from operational duties that might lead it to take decisions with economic or financial implications*'.

Furthermore, the Guidelines themselves stipulate that *"in the case of a mixed composition or one comprising internal members of the Body, since total independence from the organisation cannot be required of members of internal origin, the degree of independence of the Body must be assessed as a whole*".

The AVSI Foundation has opted for a solution which, taking into account the objectives pursued by the law, is capable of ensuring, in relation to its size and organisational complexity, the effectiveness of the controls for which the supervisory body is responsible.

In compliance with the provisions of Article 6(1)(b) of Legislative Decree No. 231/2001 and in light of the guidelines set out by Confindustria, the AVSI Foundation has established its supervisory body (hereinafter, " Supervisory Body' or 'SB') as a collegial body comprising two external members who must possess and demonstrate both the professional qualifications and expertise required to perform their duties, and the personal qualities of integrity and independence essential for the necessary autonomy of action. The Foundation has also provided for the Supervisory Body to have access to an internal resource who can facilitate and support the performance of supervisory activities, thanks to their knowledge of AVSI's operations.
The Supervisory Body reports directly to the President of the Foundation in order to safeguard its independence.

4.2. General principles regarding the establishment, appointment and replacement of the Supervisory Body

The Supervisory Body of the AVSI Foundation is established by resolution of the Board of Directors, and its members remain in office for the term specified at the time of their appointment and may be re-elected.

Appointment as a member of the Supervisory Body is subject to the fulfilment of the subjective eligibility requirements[11] .

– interview techniques and the design of questionnaires;
– elements of psychology;
– methods for detecting fraud.

[11] *"In order to ensure that the requirements described are effectively met, whether the Supervisory Body consists of one or more internal members or is composed, either exclusively or in part, of external members, it is advisable that the members possess, in addition to the professional competences described, the formal subjective requirements that further guarantee the autonomy and independence required by the role (e.g. good repute, absence of conflicts of interest and family ties with the corporate bodies and*

In selecting members, the only relevant criteria are those relating to the specific professional expertise and competence required to carry out the Supervisory Body's functions, as well as integrity and absolute autonomy and independence from the Foundation itself.
The Board of Directors, at the time of appointment and subsequently at regular intervals, must confirm that the members of the Supervisory Body meet the requirements of independence, autonomy, integrity and professional competence[12] .

In particular, following the approval of the Code or, in the case of new appointments, upon taking up the post, the person designated to hold the position of member of the Supervisory Body must issue a declaration certifying the absence of the following grounds for ineligibility, in addition to the requirements set out in the relevant legislation:

- relationships by kinship, marriage or affinity up to the fourth degree with members of the Foundation's Board of Directors and Board of Auditors; conflicts of interest, including potential ones, with the AVSI Foundation such as to compromise the independence required by the role and duties of the Supervisory Body;
- employment in the civil service with central or local government bodies during the three years preceding appointment as a member of the Supervisory Body or the commencement of a consultancy or collaborative relationship with that Body;
- a conviction, even if not yet final, or a sentence imposed following a plea bargain (the so-called 'patteggiamento'), in Italy or abroad, for offences referred to in Legislative Decree No. 231/2001 or other offences that in any way affect professional integrity;
- a conviction, by judgement—even if not yet final—to a penalty entailing disqualification, even temporary, from public office, or temporary disqualification from holding managerial positions in legal entities and companies;
- pending proceedings or the issuance of an order applying a preventive measure as referred to in Legislative Decree No. 159 of 6 September 2011, or the existence of grounds for disqualification, forfeiture or suspension provided for in Article 67 of Legislative Decree No. 159/2011, as subsequently amended and supplemented.

Should any of the aforementioned grounds for ineligibility be found to apply to an appointed person, as ascertained by a resolution of the Board of Directors, that person shall automatically forfeit their office.

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senior management, etc.). These requirements must be specified in the Organisational Model. The requirements of autonomy, good repute and professionalism may also be defined by reference to the provisions applicable to other areas of company law. This applies, in particular, when a multi-member composition of the Supervisory Body is chosen and all the various professional competences involved in the oversight of corporate management under the traditional corporate governance model are concentrated within it (e.g. a non-executive or independent director who is a member of the internal control committee; a member of the Board of Statutory Auditors; the person responsible for internal control). In such cases, the existence of the aforementioned requirements is already ensured – even in the absence of further guidance – by the personal and professional characteristics required by law for independent directors, statutory auditors and the head of internal control'. Confindustria, *Guidelines*, op. *cit*., in the final version updated on 24 May 2004, 25 ff.

[12] In the sense that the Board of Directors, at the time of appointment, *"must acknowledge that its members meet the requirements of independence, autonomy, integrity and* professionalism", Order of 26 June 2007, Court of Naples, Office of the Judge for Preliminary Investigations, Section XXXIII.

The revocation of the powers vested in the Supervisory Body and the transfer of such powers to another person may take place only for just cause (including in connection with organisational restructuring of the AVSI Foundation) by means of a specific resolution of the Board of Directors and with the approval of the Board of Auditors.

In this regard, 'just cause' for the revocation of the powers associated with the role of member of the Supervisory Body includes, by way of example and without limitation:

- serious negligence in the performance of duties associated with the role, such as: failure to draw up the half-yearly report or the annual summary report on the activities carried out, as required of the Supervisory Body; failure to draw up the supervision programme;
- '*failure to exercise supervision or insufficient* supervision' on the part of the Supervisory Body – in accordance with Article 6(1)(d) of Legislative Decree No. 231/2001 – resulting from a conviction, even if not yet final, handed down against the Foundation pursuant to Legislative Decree No. 231/2001 or from a sentence imposing a penalty upon request (the so-called 'plea bargain');
- in the case of an internal member, the assignment of operational functions and responsibilities within the AVSI Foundation's organisation that are incompatible with the requirements of *'autonomy and* independence' and *'continuity of* action' inherent to the Supervisory Body. In any event, any organisational measure concerning the member (e.g. termination of employment, transfer to another post, dismissal, disciplinary measures, appointment of a new head) must be brought to the attention of the Board of Directors;
- in the case of an external member, serious and established grounds for incompatibility that undermine their independence and autonomy;
- the failure to meet even one of the eligibility requirements.

In the performance of their duties, members of the Supervisory Body must not find themselves in situations, even potential ones, of conflict of interest arising from any personal, family or professional reason. In such cases, they are required to inform the other members of the Supervisory Body immediately and must abstain from participating in the relevant deliberations.
Any decision concerning individual members or the entire Supervisory Board relating to dismissal, replacement or suspension falls within the exclusive competence of the Board of Directors.

4.3 Functions and powers of the Supervisory Body

The Supervisory Body has independent powers of initiative and oversight within the Foundation, sufficient to enable the effective performance of the duties set out in the Model. To this end, the Body establishes its own operating rules by adopting specific regulations (Regulations of the Supervisory Body), which are brought to the attention of the Board of Directors.

The Supervisory Body has no management or decision-making powers relating to the conduct of the Foundation's activities, no organisational powers or powers to alter the structure of the organisation, nor any powers to impose sanctions.

In order to carry out its function, the Supervisory Body is vested with the following duties and powers:

- to verify the adequacy of the Model with regard to the prevention of the offences provided for in the Decree, and to promptly propose any necessary updates to the Board of Directors;
- to verify, on the basis of an analysis of information flows and reports received, compliance with the Code of Ethics, the rules of conduct, the prevention protocols and the procedures set out in the Model, identifying any deviations in behaviour;
- to carry out periodic inspections, in accordance with the procedures and deadlines set out in the Supervisory Body's Regulations and detailed in the Supervisory Body's audit plan;
- promptly propose to the body or function with disciplinary authority the imposition of sanctions in the event of established breaches of the Model and/or the Code of Ethics;
- monitor the development of staff training programmes relating to the Model and the Code of Ethics, as referred to in Chapter 6 below;
- provide information to the organisation's bodies in accordance with the provisions of point 4.4.2 below;
- to have unrestricted access to any organisational unit, without the need for prior notice, in order to request and obtain information, documentation and data deemed necessary for the performance of the duties set out in the Model;
- to access all information concerning activities at risk of criminal offence, as set out in more detail in the Special Part of the Model;
- request and obtain information or the production of documents relating to activities at risk of criminal offence, where necessary, from the Directors, the Founders' Meeting and the Board of Auditors;
- to request and obtain information or the production of documents relating to high-risk activities from staff, consultants, donors and representatives external to the Foundation, and generally from all parties required to comply with the Model, provided that such power is expressly set out in the contracts or terms of reference binding the external party to the Foundation;
- to receive, for the purpose of carrying out its supervisory duties regarding the functioning and implementation of the Code, the information provided for in accordance with the provisions of point 4.4 below, as set out in this Code or, in any event, as required by the Supervisory Body;

- to carry out its functions in coordination with the Contact Persons for sensitive processes in all matters relating to the implementation of the operational procedures for the Model;
- to provide the required support in interpreting the provisions contained in the Model and their application;
- draw up and submit for approval by the Board of Directors the budget required for the proper performance of the assigned tasks, with complete independence.

The members of the Supervisory Body, as well as any persons whom the Body engages for any purpose, are required to observe the duty of confidentiality regarding all information of which they become aware in the course of their duties.

In carrying out its activities, the Supervisory Body may make use of the functions within the organisation in accordance with their respective areas of competence.

The Board of Directors of the AVSI Foundation ensures that the various departments are adequately informed of the Supervisory Body's duties and powers.

4.4 Reporting of offences, breaches or irregularities (*whistleblowing*)

All parties subject to the Code shall provide the Supervisory Body with any information useful for facilitating the verification of the correct implementation of the Code.

The Foundation, in accordance with the provisions of Legislative Decree No. 24/2023, entitled "Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national legal provisions", has implemented a system enabling the reporting of acts or facts that may constitute breaches of Legislative Decree 231/2001 and the Code of Conduct, or offences or irregularities of which whistleblowers have become aware by virtue of the duties they perform.

In accordance with Article 6, paragraph 2-bis, of Legislative Decree 231/2001 – introduced by Law 179/2017 – the Organisation, Management and Control Model must provide for one or more channels through which employees or contractors may submit reports concerning unlawful conduct, as defined by the Decree, or breaches of the Model.

To this end, the GP-DHRG-30 WHISTLEBLOWING POLICY has been issued, which guarantees the confidentiality and protection of the identity of the whistleblower, the facilitators and any person who may be the subject of the report[13] .

[13] For definitions, please refer to GP-DHRG-30 WHISTLEBLOWING POLICY.

In general, the legislation governing the reporting of breaches is set out in Legislative Decree 24/2023 – to which reference should be made – which provides, insofar as it is deemed appropriate to highlight here:

- the possibility of reporting breaches – that is, conduct, acts or omissions that harm the organisation's interests – which are believed to have been committed, including: (i) administrative, accounting, civil and criminal offences; and (ii) unlawful conduct as defined under Decree 231, or breaches of the organisational and management models;

- the designation of a person, a dedicated internal department or an external, independent body to manage the reporting channel;

- the identification of specific channels, including digital ones, for the internal reporting of breaches, in written and/or oral form;

- the confidentiality of the information received and the protection of the personal data of both the whistleblower and the person reported;

- clear timeframes for the initiation, conduct and conclusion of the preliminary investigation carried out by the body handling the report;

- the prohibition of retaliation against the whistleblower, that is to say, any conduct, act or omission – even if merely attempted or threatened – carried out as a result of the report, which causes or may cause the whistleblower, directly or indirectly, unjust harm;

- the invalidity of any acts of retaliation carried out against the whistleblower;

- the provision of disciplinary sanctions: (i) for those who breach the whistleblower's confidentiality; (ii) for those who, with intent or gross negligence, submit unfounded reports; (iii) in the event of retaliation against the whistleblower; and (iv) in the event that the report has been obstructed or there has been an attempt to obstruct it.

The system implemented by the AVSI Foundation provides for the following internal reporting channels:

- In writing, via the reporting platform accessible at http://whistleblowing.avsi.org, which is equipped with technical security measures compliant with the standards set out in Article 32 of the GDPR.
- Orally, via the voicemail service, accessible on the telephone number +3902674988408 and available 24 hours a day, every day.

The AVSI Foundation has designated a committee, known as *the Whistleblowing Committee*, as the recipient and administrator of reports. Its members – who are suitably trained and specifically appointed in accordance with *data protection* legislation – have the following responsibilities:

- to issue the whistleblower with an acknowledgement of receipt of the report within 7 days of the date of receipt;

- maintain communication with the whistleblower and, where necessary, request further information from them;

- follow up diligently on the reports received;

- provide a response to the report within 3 months of the acknowledgement of receipt or, in the absence of such an acknowledgement, within 3 months of the expiry of the 7-day period following the submission of the report;

- provide information regarding the reporting channel, the procedures and the conditions for making reports, ensuring that such information is clearly visible: i) in the workplace and accessible to persons who, whilst not present in the workplace, have a legal relationship with the Company, ii) in a section of the Foundation's website.

The Foundation ensures that all employees and those who collaborate with it are kept fully informed, not only regarding the reporting procedures adopted, but also with regard to the knowledge, understanding and dissemination of the objectives and the spirit in which reports must be made.

The identification and appointment of the members of the Whistleblowing Committee are a matter for the Foundation's organisational autonomy and are formalised in the specific procedure.

Should the composition of the Whistleblowing Committee coincide entirely with that of the Supervisory Body, or where all members of the Supervisory Body are part of the Whistleblowing Committee, the handling of reports relevant under Legislative Decree 231/2001 and this Code will take place directly and immediately, ensuring constant compliance with the confidentiality and IT security requirements set out in Legislative Decree 24/2023.

Should, however, the *Whistleblowing Committee* and the Supervisory Body not be one and the same (as they are partially or wholly distinct entities or bodies), in order to ensure the necessary operational coordination and the effective exercise of their respective powers in full compliance with the recent ANAC Guidelines No. 1/2025 (Resolution No. 478/2025), the following rules on the exchange of information shall apply:

- Obligation to forward reports promptly: The Whistleblowing Committee is obliged to promptly forward to the Supervisory Body only those internal reports received that concern unlawful conduct relevant under the ' ' (Code of

Conduct) of Legislative Decree 231/2001 or breaches of this Code. Such transmission must take place exclusively via secure channels that guarantee inaccessibility to unauthorised persons and the utmost protection of the confidentiality of the identity of the whistleblower, the person against whom the report is made and any third parties mentioned.

- Coordination and monitoring information flows: The Whistleblowing Committee and the Supervisory Body shall agree on appropriate coordination procedures and periodic information flows designed to monitor the progress of investigations initiated under Legislative Decree 231, their outcomes, and the adoption of any corrective action plans or the activation of the company's disciplinary system.
- Handling of reports involving conflicts of interest: Should a report concern one or more members of the Whistleblowing Committee or the Supervisory Body itself, the conflict of interest management protocols set out in the Whistleblowing Procedure shall apply. To this end, the IT platform adopted by the Organisation allows the whistleblower, at the time of submission, to select the recipients of the report, addressing it exclusively to Committee members who are not in a conflict of interest and automatically excluding the individuals reported or involved, so as to preserve the absolute independence, confidentiality and impartiality of the investigation

4.4.1 Collection and retention of information

All information, *reports* and communications provided for in the Model are retained by the Supervisory Body in a dedicated archive (digital or paper-based) for a period of at least 10 years.

Members of the Supervisory Body who have ceased to hold office must, with the assistance of the organisation, ensure the proper handover of the archives to their successors.

4.4.2 Reporting by the Supervisory Body to the corporate bodies

The Supervisory Body reports to the Board of Directors, unless otherwise provided for in this Code.

Whenever it deems it appropriate, and in accordance with the procedures set out in the Supervisory Board's Regulations, the Supervisory Board shall inform the Chairman of the Board of Directors and the Secretary General of any significant circumstances or events relating to its duties, or of any urgent issues concerning the Model that have come to light in the course of its supervisory activities.

The Supervisory Board shall periodically draw up a written report for the Board of Directors and the Board of Auditors, which must contain, at a minimum, the following information:

- a summary of the activities carried out by the Supervisory Board during the reporting period;
- a description of any issues that have arisen regarding the operational procedures for implementing the provisions of the Model;
- a description of any new activities identified as being at risk of criminal offence;
- a report on the reports received from internal and external parties, including any findings made directly, concerning alleged breaches of the provisions of this Model, the prevention protocols and the related implementation procedures, as well as breaches of the provisions of the Code of Ethics, and the outcome of the subsequent investigations carried out. In the event of breaches of the Code of Ethics or the Model by a member of the Board of Directors or the Board of Auditors, the Supervisory Body shall make the notifications referred to in point 5.3 below;
- information regarding the possible commission of offences relevant for the purposes of the Decree;
- any disciplinary measures and sanctions imposed by the Foundation in relation to breaches of the provisions of this Model, the prevention protocols and the relevant implementation procedures, as well as breaches of the provisions of the Code of Ethics;
- an overall assessment of the Model, including any proposals for additions, corrections or amendments;
- notification of any changes to the regulatory framework and/or significant alterations to the Foundation's internal structure and/or the manner in which business activities are carried out that require an update to the Model;
- a report on any conflict of interest, including potential conflicts, as referred to in point 4.2 above;
- any updates on the audit schedule;
- a statement of expenses incurred and the proposed budget, on an annual basis.

The Board of Directors and the Board of Auditors are entitled to convene the Supervisory Body at any time to request a briefing on the office's activities.

CHAPTER 5
DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

Article 6(2)(e) and Article 7(4)(b) of Legislative Decree No. 231/2001 stipulate that, as a condition for the effective implementation of the organisation, management and control model, a disciplinary system must be introduced that is capable of imposing sanctions for failure to comply with the measures set out in the model itself.
Consequently, the establishment of an adequate disciplinary system is an essential prerequisite for the model of organisation, management and control *under* Legislative Decree No. 231/2001 to serve as a defence against the administrative liability of legal entities.

The sanctions provided for by the disciplinary system shall be applied to any breach of the provisions contained in the Model, irrespective of whether a criminal offence has been committed and regardless of the conduct and outcome of any criminal proceedings that may be initiated by the judicial authorities[14] .

These sanctions also apply to breaches of the provisions contained in the Code of Ethics, which forms an integral part of the Model.

In order to ensure that the Model complies with the minimum requirements laid down by the legislator, the Foundation has introduced a system of sanctions based on the position and role held by the person responsible for any breach.

Failure to comply with the Whistleblowing Policy will result in the application of this disciplinary and sanctions system.
The Reporting System provides for sanctions against the whistleblower in the event of misuse of the reporting mechanism, against those reported in the event that the reported offences are substantiated, against the Whistleblowing Committee in the event of failure to comply with this policy, and against those who breach the whistleblower's right to confidentiality and the prohibitions on retaliatory acts put in place to protect the whistleblower. Within the aforementioned disciplinary system, the Foundation has also provided for sanctions against those found liable for the following offences:
- committing acts of retaliation;
- obstructing or attempting to obstruct a report;
- breach of the duty of confidentiality;
- failure to carry out verification and analysis of the report;

[14] *"The disciplinary assessment of conduct carried out by employers – subject, of course, to any subsequent review by the employment tribunal – need not, in fact, necessarily coincide with the assessment made by the court in criminal proceedings, given that a breach of the code of ethics and internal procedures is distinct from a breach of the law constituting a criminal offence. The employer is therefore not required to wait for the conclusion of any ongoing criminal proceedings before taking action. The principles of promptness and immediacy of the sanction mean that delaying the imposition of a disciplinary sanction whilst awaiting the outcome of any proceedings brought before a criminal court is not only unnecessary but also inadvisable*". Confindustria, *Guidelines*, *op. cit.*, in the final version updated on 24 May 2004, 19.

- established criminal liability of the whistleblower, including where a conviction has been handed down at first instance, for the offences of defamation and slander;
- civil liability of the whistleblower, in cases of wilful misconduct or gross negligence, for the same offences as above.

5.2 Measures concerning employees

Any breach of the individual provisions and rules of conduct set out in the Code by employees of the AVSI Foundation always constitutes a disciplinary offence.
The Foundation asks its employees to report any breaches and views such reporting positively, even if the person making the report has contributed to the breach in question.

For the investigation of breaches relating to the Code, disciplinary proceedings and the imposition of the relevant sanctions, the powers already conferred on *the management* of Fondazione AVSI, within the limits of their respective delegated authority and responsibilities, remain valid.
As regards the types of sanctions that may be imposed, in the case of an employment relationship, any disciplinary measure must comply with the procedures set out in Article 7 of the Workers' Statute, which is characterised not only by the principle of specificity of offences but also by the principle of specificity of sanctions.

5.2.1 Measures concerning non-executive employees

In accordance with the relevant legislation and in compliance with the principles of the specific nature of offences and the specific nature of sanctions, the AVSI Foundation informs its employees of the provisions and rules of conduct contained in the Code, the breach of which constitutes a disciplinary offence, as well as the applicable disciplinary measures, taking into account the seriousness of the offences and any repeat offences.

The disciplinary measures that may be imposed on employees in accordance with the provisions of current legislation and Article 31 of Title XVI of the National Collective Labour Agreement for workers in the tertiary sector, commerce and service distribution (hereinafter 'CCNL') are as follows:

- verbal warning;
- written warning;
- a fine not exceeding the amount of 3 hours' pay;
- suspension from work and pay for a period not exceeding 3 days of actual work;
- dismissal.

In particular:
1. An employee who breaches any of the internal procedures set out in the Code (for example, by failing to follow the prescribed procedures , failing to provide the

Supervisory Body with the required information, failing to carry out checks, etc.), or who, whilst carrying out activities in sensitive areas, behaves in a manner that does not comply with the provisions of the Code itself, shall be subject to a verbal warning. Such conduct constitutes a failure to comply with the instructions issued by the Foundation.

2. A written warning shall be issued to any employee who, by breaching the internal procedures set out in the Code, or by behaving in a manner that does not comply with the Code's requirements whilst carrying out activities in sensitive areas, exposes the integrity of the organisation's assets to a situation of objective danger. Such conduct, carried out in breach of the instructions issued by the Foundation, creates a situation of danger to the integrity of the organisation's assets and/or constitutes acts contrary to its interests.
3. An employee shall be liable to a fine not exceeding 3 hours' hourly pay calculated on the basis of the minimum wage if, by breaching the internal procedures set out in the Code, or by behaving in a manner inconsistent with the Code's requirements whilst carrying out activities in sensitive areas, they cause harm to the Foundation by committing acts contrary to its interests, or any employee who is a repeat offender in relation to the breaches referred to in points 1 and 2. Such conduct, arising from a failure to comply with the Foundation's instructions, causes damage to the organisation's assets and/or constitutes acts contrary to its interests.
4. An employee shall be subject to suspension from work and pay for up to a maximum of 3 days if, whilst carrying out activities in sensitive areas, they behave in a manner that does not comply with the provisions of the Code and is unequivocally aimed at committing an offence punishable under Legislative Decree No. 231/2001, or if they are a repeat offender in relation to the breaches referred to in points 1, 2 and 3. Such conduct constitutes a serious failure to comply with the provisions laid down by the Foundation and/or a serious breach of the employee's duty to contribute to the Foundation's prosperity.
5. An employee shall be subject to dismissal (with or without notice) any employee who, whilst carrying out activities in sensitive areas, behaves in a manner that breaches the provisions of the Model, such that the measures provided for by Legislative Decree No. 231/2001 are actually imposed on the Foundation, or who commits the offences referred to in the preceding points, thereby causing serious harm to the Foundation itself.

The type and severity of each of the sanctions referred to above shall be applied, taking into account:

- the intentional nature of the conduct or the degree of negligence, imprudence or incompetence, including with regard to the foreseeability of the event;
- the employee's overall conduct, with particular regard to whether or not they have a history of disciplinary offences, within the limits permitted by law;
- the employee's duties;
- the functional position of the persons involved in the events constituting the breach;
- any other specific circumstances surrounding the disciplinary offence.

This is without prejudice to Fondazione AVSI's right to claim compensation for damages arising from a breach of the Code by an employee. Any compensation claimed will be commensurate with:

a) the level of responsibility and autonomy of the employee who committed the disciplinary offence;
b) any previous disciplinary records against the employee;
c) the degree of intent in their conduct;
d) the seriousness of the effects of the misconduct, meaning the level of risk to which the Foundation reasonably considers itself to have been exposed – in accordance with and for the purposes of Legislative Decree No. 231/2001 – as a result of the conduct in question.

In particular, the Secretary-General is responsible for managing the disciplinary procedure. The Human Resources department shall ensure that the Supervisory Body is kept adequately informed.

5.2.2 Measures concerning senior managers

In the course of their professional duties, the Foundation's senior managers are obliged both to comply with and to ensure that their staff comply with the provisions set out in the Code.

By way of example, the following unlawful conduct on the part of a manager shall be considered punishable as a breach of the provisions contained in the Code:

- fails to supervise the staff reporting to them, so as to ensure compliance with the provisions of the Code when carrying out activities in areas at risk of criminal offence and activities instrumental to operational processes at risk of criminal offence;
- fails to report instances of non-compliance and/or irregularities relating to the fulfilment of the obligations set out in the Model, should they come to their attention, which are such as to render the Model ineffective, thereby exposing the Foundation to the potential risk of sanctions under Legislative Decree No. 231/2001;
- fails to report to the Supervisory Body any critical issues relating to the conduct of activities in areas at risk of criminal offence, identified during monitoring by the relevant authorities;
- he himself commits one or more serious breaches of the provisions of the Model, such as to constitute the offences covered by the Model, thereby exposing the organisation to the imposition of sanctions *under* Legislative Decree No. 231/2001.

In the event of a breach of the provisions and rules of conduct contained in the Model by managers, the AVSI Foundation shall take the measure deemed most appropriate against the manager in accordance with the provisions of the applicable legislation. If the breach of the Model results in the breakdown of the relationship of trust between the Foundation and the manager, the sanction shall be dismissal, in accordance with the law and the relevant National Collective Labour Agreement.

5.3 Measures in accordance with regarding members of the Foundation's governing bodies

In the event of conduct by members of the Foundation's governing bodies that breaches the provisions and rules of conduct set out in the Code, the Supervisory Body must promptly inform the Board of Auditors and the entire Board of Directors of the incident. The parties to whom the Supervisory Body's report is addressed may, in accordance with the provisions of the Articles of Association, take the appropriate measures, including, for example, convening the Founders' Meeting, in order to adopt the most suitable measures provided for.

5.4 Measures concerning the Supervisory Body.

In the event of a breach of the rules set out in the Code by the Supervisory Body, the Board of Directors shall, in consultation with the Board of Auditors, take the appropriate measures in accordance with the procedures laid down by current legislation, including the revocation of the appointment and without prejudice to any claim for compensation. In order to ensure the full exercise of the right of defence, a time limit must be set within which the person concerned may submit justifications and/or written defences and may be heard.

5.5 Measures concerning external collaborators and *partners*

Any breach by consultants, business *partners* or other parties with contractual relationships with the Foundation for the performance of activities deemed sensitive, of the provisions and rules of conduct set out in the Model applicable to them, or the commission by them of any offences covered by Legislative Decree No. 231/2001, shall be sanctioned in accordance with the provisions of the specific contractual clauses to be included in the relevant contracts.

These clauses, making explicit reference to compliance with the provisions and rules of conduct set out in the Organisational Model and the Code of Ethics, may, for example, require such third parties to refrain from taking any action or engaging in any conduct that would result in a breach of the Model by the Foundation.
In the event of a breach of this obligation, provision must be made for the Foundation to terminate the contract, with the possible application of penalties.

This is, of course, without prejudice to the Foundation's right to claim compensation for damages arising from a breach by the aforementioned third parties of the provisions and rules of conduct set out in the Model.

The AVSI Foundation, in collaboration with an external legal adviser, is responsible for drafting and updating specific contractual clauses which also provide for the possible claim for compensation for damages suffered by the Foundation as a result of a court applying the measures set out in Legislative Decree No. 231/2001.

CHAPTER 6
TRAINING AND COMMUNICATION PLAN

6.1 Introduction

The AVSI Foundation, with a view to ensuring the effective implementation of the Model, is committed to the proper dissemination of its contents and principles both within and outside its organisation.

In particular, the Foundation's objective is to communicate the contents and principles of the Model not only to its employees but also to those who, whilst not holding the formal status of an employee, work – even on an occasional basis – towards the achievement of the Foundation's objectives under contractual arrangements. Indeed, the Model applies both to persons holding representative, administrative or managerial roles within the Foundation and to persons subject to the management or supervision of any of the aforementioned individuals (pursuant to Article 5 of Legislative Decree No. 231/2001), as well as, more generally, to all those who work towards the achievement of the Foundation's purpose and objectives. The recipients of the Code therefore include members of the organisation's governing bodies, those involved in the functions of the Supervisory Body, employees, collaborators, external consultants and *partners*.

The Foundation, in fact, intends to:
- ensure that all those acting in its name and on its behalf in 'sensitive areas' are aware that they may commit an offence liable to sanctions should they breach the provisions of the Code;
- to inform all those who act in any capacity in its name, on its behalf or otherwise in its interests that any breach of the provisions contained in the Code will result in the imposition of sanctions or the termination of the contractual relationship;
- reiterate that the AVSI Foundation does not tolerate unlawful conduct of any kind, regardless of its purpose, as such conduct (even where the Foundation might appear to stand to gain from it) is in any case contrary to the ethical principles to which the AVSI Foundation is committed.

Communication and training activities are tailored, for greater effectiveness, to the specific target audiences, but are, in all cases, guided by the principles of comprehensiveness, clarity, accessibility and continuity, in order to ensure that the various target audiences are fully aware of the company regulations they are required to comply with and the ethical standards that must guide their conduct.

These recipients are required to comply strictly with all the provisions of the Code, including in fulfilment of the duties of loyalty, fairness and diligence arising from the legal relationships established by the Foundation.

Communication and training activities are the responsibility of the HR department, under the supervision of the Supervisory Body, which is tasked, amongst other things, 's tasks

of “promoting initiatives to disseminate knowledge and understanding of the Code, as well as to train staff and raise their awareness of compliance with the principles contained in the Code” and of “promoting communication and training initiatives on the contents of Legislative Decree No. 231/2001, on the impact of the legislation on the organisation’s activities and on the rules of conduct”.

6.2 Employees

Every employee is required to: i) familiarise themselves with the principles and contents of the Model; ii) understand the operational procedures by which their work must be carried out; iii) actively contribute, in accordance with their role and responsibilities, to the effective implementation of the Model, reporting any shortcomings identified therein.

In order to ensure effective and efficient communication, the AVSI Foundation promotes awareness of the contents and principles of the Model and of the relevant implementation procedures within the organisation, with the level of detail varying according to the position and role held.

Employees and new recruits are provided with a copy of the Code and the Code of Ethics, or are given the opportunity to consult them directly on the Foundation’s server in a dedicated section.
In any case, for employees who do not have access to the Foundation’s network, this documentation must be made available to them by alternative means, such as attaching it to their payslips or displaying it on company noticeboards.

Communication and training on the principles and content of the Model are provided by the heads of the individual departments who, in accordance with the guidelines agreed and monitored by the Supervisory Body, determine the most appropriate method for delivering these services (e.g. *staff meetings*, *online* courses, etc.).
At the end of the training session, participants must complete a questionnaire, thereby confirming that they have received and attended the course.

Appropriate communication channels will be used to keep the recipients of this paragraph informed of any amendments made to the Model, as well as any significant procedural, regulatory or organisational changes.

The Foundation may consider drawing up a *self-assessment* questionnaire to be sent electronically via email, in order to periodically assess the level of understanding and application of the ethical principles contained in the Model and the Code of Ethics.

The Supervisory Body monitors the extent to which the Model has been implemented through specific periodic checks.

6.3 Members of the organisation's governing bodies and persons acting in a representative capacity for the Foundation

Members of the Foundation's governing bodies and persons acting in a representative capacity on its behalf are provided with a copy of the Model and the Code of Ethics upon accepting the office conferred upon them, and will be required to sign a declaration of compliance with the principles contained therein.
Appropriate communication channels are used to keep them informed of any amendments made to the Model, as well as any significant procedural, regulatory or organisational changes.

6.4 Other recipients

Communication of the contents and principles of the Model is also directed, where relevant, to third parties who have contractually regulated collaborative relationships with the Foundation (for example: consultants, volunteers and other independent contractors), with particular reference to those operating within the scope of activities deemed sensitive under Legislative Decree No. 231/2001.
To this end, the Foundation provides third parties with the Code of Ethics and, where appropriate, an extract from the Model, depending on the actual need in relation to the sensitive areas in which they carry out their activities.

CHAPTER 7
ADOPTION OF THE MODEL – CRITERIA FOR UPDATING AND AMENDING THE MODEL

7.1 Updating and Adaptation

The Board of Directors shall decide on the updating and adaptation of the Model in relation to any amendments and/or additions that may become necessary as a result of:

i) changes in legislation;
ii) changes to the Foundation's internal structure and/or the manner in which the organisation carries out its activities;
iii) the findings of audits;
iv) significant breaches of the Model's provisions.

Once approved, the amendments and instructions for their immediate implementation are communicated to the Secretary-General, who, in turn, will ensure, with the support of the Supervisory Body, that these amendments are put into effect and that their contents are properly communicated both within and outside the Foundation.

In particular, in order to ensure that changes to the Model are implemented with the necessary timeliness and effectiveness, whilst at the same time avoiding any lack of coordination between operational processes, the provisions contained in the Model and their dissemination may be carried out by the Secretary General where the amendments to the Model relate to descriptive aspects.

It should be noted that the term 'descriptive aspects' refers to elements and information deriving from resolutions passed by the Board of Directors (such as, for example, the redefinition of the organisational chart) or from functions within the organisation that have been specifically delegated (e.g. new company procedures).

In any event, the Board of Directors retains exclusive authority to resolve on updates and/or amendments to the Model resulting from the following factors:

- changes in legislation concerning the administrative liability of organisations;
- the identification of new sensitive activities, or changes to those previously identified, including where these may be linked to the launch of new activities by the Foundation;
- comments made by the Ministry of Justice on the Guidelines pursuant to Article 6 of Legislative Decree No. 231/2001 and Articles 5 et seq. of Ministerial Decree No. 201 of 26 June 2003;
- the commission of offences referred to in Legislative Decree No. 231/2001 by those subject to the provisions of the Model or, more generally, significant breaches of the Model;
- the identification of shortcomings and/or gaps in the provisions of the Model following assessments of its effectiveness.