

**Organisation, Management
and Control Model
pursuant to Leg. Decree No
231 of 8 June 2001**

GENERAL SECTION

**Adopted by the Board of Directors at
Paideia International Hospital
(Casa di Cura Paideia
S.p.a.) On 05/09/2022**

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1. LEGISLATIVE DECREE NO 231/2001 AND RELEVANT REGULATIONS

1.1 Administrative liability of legal persons

Legislative Decree No 231 of 8 June 2001, which introduces the “*Regulations on administrative responsibility of legal persons, companies and associations, including those without legal personality*” (hereinafter referred to as the “Decree”), has adapted Italian legislation on the liability of legal persons to certain international conventions previously signed by the Italian State¹.

The Decree has introduced into Italian law a system of administrative liability (substantially comparable to criminal liability) for entities (entities with legal personality, companies and associations, including those without legal personality; excluding the Italian State, local or regional authorities, non-economic public bodies, and entities that perform functions of constitutional importance), which is in addition to the liability of the natural person who has physically committed certain specific offences and which aims to involve, in the punishment of these offences, the entities in whose interest or to whose advantage such offences have been committed.

Art. 5 of the Decree states that natural persons who may be held liable for committing a specific offence in the interest or to the advantage of the organisation can include:

- a) natural persons in a senior (“top”) positions (representation, administration or management of the Entity or of another organisational unit or persons exercising de facto management and control);
- b) natural persons subject to the management or supervision one of the above-mentioned persons.

The Entity shall not be held liable if persons in senior positions have acted entirely in their own interest or in the interest of third parties.

Moreover, the Entity shall not be held liable for offences committed by the above-mentioned persons when it can prove that:

- the management body has adopted and effectively implemented, prior to the offence being committed, **organisational and management models suitable to prevent offences of that kind that have been committed.**
- the Entity has assigned the task of supervising the operation of, compliance with and updating of the organisation and management models to a board with autonomous powers of initiative and control;

¹ In particular: the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests; the Brussels

Convention of 26 May 1997 on Combating Corruption Involving Officials of the European Communities or Officials of Member States of the European Union; the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

- the perpetrator committed the offence by fraudulently circumventing the organisation and management models in place;
- the Supervisory Board has not failed or partially failed to fulfil its duties.

Not all offences committed by the above-mentioned persons imply administrative liability attributable to the Entity, since

only certain specific types of offences are identified as significant.

The types of offence contemplated by the Decree that may potentially concern **Paideia International Hospital** (company name **Casa di Cura Paideia S.p.a.**) are considered to be the following:

- **offences committed against public administration and the European Community**, which are detailed in Articles 24 and 25 of the Decree, namely:
 - extortion (Art. 317 of the Criminal Code);
 - bribery of a public official (Arts. 318, 319 and 321 of the Criminal Code);
 -
 - judicial corruption (Articles 319-ter and 321 of the Criminal Code);
 - aggravating circumstances (Art. 319-bis of the Criminal Code);
 - bribery of a civil servant (Arts. 320 and 321 of the Criminal Code);
 - incitement to corruption (Art. 322 of the Criminal Code);
 - misappropriation of State or public funds (Art. 316-bis of the Criminal Code);
 - embezzlement, extortion, bribery and incitement to corruption of members of bodies of the European Community and of foreign countries (Art. 322-bis of the Criminal Code);
 - embezzlement (limited to the first paragraph) (Art. 314 of the Criminal Code) [introduced by Leg. Decree No 75/2020] ³
 - embezzlement by profiting from third-party error (Art. 316 of the Criminal Code) [introduced by Leg. Decree No 75/2020]
 - abuse of office (Art. 323 of the Criminal Code) [introduced by Leg. Decree No 75/2020]
 - misappropriation of grants, loans or other disbursement from a public body or the European Community (Art. 316-ter of the Criminal Code)
 - fraud against the Italian State or other public body (Art. 640 par 2.1 of the Criminal Code);
 - aggravated fraud to obtain public funds (Art. 640-bis of the Criminal Code);
 - fraud in public procurement (Art. 356 of the Criminal Code) [introduced by Leg. Decree No 75/2020]

² The list of relevant predicate offences pursuant to the Decree is subject to constant change.

³ Offence introduced to Art. 25 of Decree No 231 by Leg. Decree No 75 of 14 July 2020. In particular, it should be noted that, with reference to this offence, the administrative liability of entities is limited to criminal conduct harming the financial interests of the European Union

- computer fraud against the Italian State or other public body (Art. 640-ter, Criminal Code) ⁴.
 - trafficking in unlawful influence (Art. 346 bis of the Criminal Code)
 - fraud against the European Agricultural Fund (Art. 2, Leg. 23/12/1986, No 898) [introduced by Leg. Decree No 75/2020]
- **corporate offences**, a category regulated by Art. 25-ter of the Decree, a provision introduced by Leg. Decree 11 April 2002,
- No 61, which identifies the following cases, as indicated by Law No 262 of 28 December 2005:
- false corporate statements (Art. 2621 of the Civil Code);
 - false corporate statements to the detriment of the company, shareholders or creditors (Art. 2622 of the Civil Code, in the amended wording laid down by Law 262/2005);
 - fraudulent statements in a prospectus (Art. 2623 of the Civil Code, repealed by Art. 34 of Law 262/2005, which, however, introduced Art. 173-bis of Leg. Decree No 58 of 24 February 1998);
 - false statements in auditor's reports or statements (Art. 2624 of the Civil Code);
 - obstruction of control activities (Art. 2625 of the Civil Code);
 - undue repayment of contributions (Art. 2626 of the Civil Code);
 - illegal distribution of profits and reserves (Art. 2627 of the Civil Code);
 - illegal operations involving the shares or quotas of the company or its parent company (Art. 2628 of the Civil Code);
 - transactions to the detriment of creditors (Art. 2629 of the Civil Code);
 - failure to report a conflict of interest (Art. 2629-bis of the Civil Code);
 - fictitious formation of capital (Art. 2632 of the Civil Code);
 - unlawful distribution of company assets by liquidators (Art. 2633 of the Civil Code);
 - unlawful influence on shareholders (Art. 2636 of the Civil Code);
 - stock manipulation (Art. 2637 of the Civil Code, amended by Law No 62 of 18 April 2005);
 - obstructing the activities of public supervisory authorities (Art. 2638 of the Civil Code, amended by Law 62/2005 and Law 262/2005).
- **offences committed for the purpose of terrorism and subversion of democracy**, governed by Art. 25-quarter, introduced by Law No 7 of 14 January 2003;
- **the practice of female genital mutilation** regulated by Art. 25-quarter. 1 introduced by Art. 8 of Law No 7 of

9 January 2006;

⁴ The article provides for an aggravating circumstance where “the conduct involves a transfer of money, monetary value or virtual currency”

- **offences against the individual**, regulated by Art. 25-quinquies, introduced by Law No 228 of 11 August 2003;
- **manslaughter and serious or very serious personal injury through negligence, committed in breach of the rules on the protection of health and safety at work**, governed by Art. 25-septies, introduced by Law No 123/2007 and subsequently replaced by Leg. Decree No 81/2008;
- **receiving stolen goods, money laundering and use of unlawfully obtained money, goods or benefits**, regulated by Art. 25-octies, introduced by Leg. Decree No 231/2007 and amended by Leg. Decree No 195 of 8 November 2021⁵;
- **cybercrime and unlawful data processing**, governed by Art. 24-bis, introduced by Law No 48 of 18 March 2008 as amended by Law No 133 of 18/11/2019 (Conversion into law, with amendments, of Decree-Law No 105 of 21 September 2019, containing urgent measures on the National Cybernetic Security Perimeter),
- **offences against industry and trade**, regulated by Art. 25-bis-1, introduced by Art. 15 of Law No 99 of 23 July 2009;
- **environmental crime**, regulated by Art. 25-undecies, introduced by Leg. Decree 121/2011 of 7 July 2011 and amended by Law No 68 of 22 May 2015

Offences involving water pollution

- Environmental disaster (as regulated by the Criminal Code Title VI-bis Art. 452-quater);
- Environmental pollution (as regulated by the Criminal Code Title VI-bis Art. 452-bis);
- Environmental crimes due to negligence (as governed by the Criminal Code Title VI-bis Art. 452-quinques);
- Dumping highly radioactive material (as regulated by the Criminal Code Title VI-bis Art. 452-sexies);
- Discharge of industrial wastewater containing dangerous substances (Leg. Decree 152/06 Art. 137 par 1);
- Discharge of industrial wastewater containing dangerous substances in violation of the requirements imposed by the authorisation or by the competent authorities (Leg. Decree 152/06 Art. 132, pars 2 and 3);

⁵With the approval of Legislative Decree No 195 of 8 November 2021 implementing Directive (EU) No 2018/1673 on combating money laundering by criminal law, published in the Official Journal on 30 November 2021 and in force as of 15 December 2021, a number of amendments to the Criminal Code come into force, which relate in particular to the extension of predicate offences related

to money laundering and self laundering also to offences through negligence and violations

- - Discharge of industrial wastewater containing hazardous substance in violation of the specified legal limits or of the more restrictive limits set by the regional and autonomous provincial authorities or by the competent authority (Leg. Decree 152/06 Art.137, par 5, first and second points);
 - Violation of the prohibition of discharging into the ground, groundwater, soil or subsoil (Leg. Decree 152/0 Art.137 par 11)
Offences involving waste management and pollution of soil, subsoil and air
 - Unauthorised waste management activities (Leg. Decree 152/06 Art. 256 par 11);
 - Unauthorised landfill creation and management (Leg. Decree 152/2006 Article 256 par 3, first and second points);
 - Unauthorised mixing of waste (Leg. Decree 162/2006 Art. 256 par 5)
 - Failure to perform site remediation (Leg. Decree 152/2006 Art. 257);
 - Preparing a false certificate of analysis and presenting the certificate during transport (Leg. Decree 152/2006 Art. 258 par 4)
 - Illegal waste trafficking (as governed by the Criminal Code Title VI-bis Article 452-quatordecies);
 - Organised activities for illegal waste trafficking (Leg. Decree 152/2006 Art. 260)
 - Providing false information on the nature, composition and chemical/physical characteristics of waste and including a false certificate in the information to be provided for waste traceability purposes in the preparation of a waste analysis certificate, used within the framework of the system to monitor waste traceability (Sistri) (Leg. Decree 152/2006 Article 260-bis par 6);
 - Use, during transport, of a waste analysis certificate containing false information on the nature, composition and chemical/physical characteristics of the waste transported (Leg. Decree 152/2006 Article 260-bis paragraph 7) or a waste transporter who carries a paper copy of the Sistri Handling Area document that has been fraudulently altered (Leg. Decree 152/2006 Article 260-- bis par 8);
 - Violation, in the operation of an establishment, of the emission limit values or provisions outlined in the authorisation and set out by the plans and programmes or by the legislation, or by the competent authority, resulting in exceeding the air quality limit values laid down by the legislation in force (Leg. Decree 152/2006 Art. 279 par 5);
- **organised crime offences**, governed by Art. 24-ter, introduced by Art. 2, par 29 of Law No 92 of 15 July 2009;
- **offences of copyright violation**, governed by Art. 25-novies, introduced by Art. 15 of Law No 99 of 23 July 2009;

- **inducement not to make statements or to make false statements to the judicial authorities**, governed by Art. 25-novies, introduced by Art. 4 of Law No 116 of 3 August 2009.
- **Bribery among private individuals (Art. 2635 of the Civil Code)** governed by Art. 25 ter, par 1(s), introduced by Law No 190 of 6 November 2012.
- **Employment of illegally staying third-country nationals, governed by Art. 25-duodecies**, introduced by Art. 12-bis of Leg. Decree No 286/1998 and amended by Law 161/2017 (aiding and abetting illegal immigration and the stay of illegal immigrants);
- **Propaganda inciting racism and xenophobia and based in whole or in part on denying (grossly trivialising or justifying) the Holocaust or crimes of genocide, crimes against humanity and war crimes** as regulated by Art. 25-terdecies introduced by Law No 167 of 20.11.2017.
- **Sports fraud**, as regulated by Art. 25-quaterdecies introduced by Law No 39 of 3 May 2019 (Ratification and implementation of the Council of Europe Convention on the Manipulation of Sports Competitions, concluded in Macolin/Maggingen on 18 September 2014).
- **Income tax offences ("tax offences")** as regulated by Art. 25 -quinquiesdecies introduced by Law No 157 of 19 December 2019. Conversion into law, with amendments, of Decree-Law No 124 of 26 October 2019, containing urgent provisions regarding taxes and for non-deferrable requirements and as supplemented by Decree-Law No 75/2020;
- **Smuggling offences**, as regulated by Art. 25-sexiesdecies, introduced by Legislative Decree No 75 of 14 July 2020 implementing Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (known as the "PIF Directive")
- **Fraud and counterfeiting of non-cash means of payment**, as governed by Art. 25-octies.1 introduced by Legislative Decree No 184 of 8 November 2021 implementing Directive No 2019/713/EU on combating fraud and counterfeiting of non-cash means of payment, published in the O.J. on 29 November 2021 which came into effect on 14 December 2021.

That being said, and in order to prevent the aforementioned offences, it is worth pointing out that the company may be held accountable, pursuant to Art. 4 of Leg. Decree No 231/2001, even if the offence was committed abroad. In this case, the trial will take place before the Italian judicial authorities. The conditions (set out in the regulation or

inferable from the whole of Leg. Decree No 231/2001) which forms the basis for the liability of the company for offences committed abroad

can be summarised as follows:

- i. the offence must have been committed abroad by a person who works within the company, pursuant to Art. 5 par 1 of Leg. Decree 231/2001;
- ii. the company must have its head office in Italian territory;
- iii. the company may only be liable in cases and under the conditions provided for in Arts. 7, 8, 9, 10 of the Criminal Code;
- iv. in the cases and under the conditions provided for in the aforementioned articles of the Criminal Code, the State in which the act was committed does not take action against the company.

Lastly, for the sake of thoroughness, it should be noted that Art. 23 of the Decree punishes non-compliance with disqualifications, which occurs when a ban or precautionary disqualification has been imposed on the company pursuant to the Decree and, despite this, the company violates the inherent obligations or prohibitions.

1.2 The sanctions foreseen by the Decree

sanctions foreseen by the Decree Should the company commit one of the offences indicated in the preceding paragraph, it may be subject to the imposition of sanctions by the competent authorities.

As set out in Art. 9 of the Decree, the administrative sanctions foreseen by the legislator are divided into:

- Monetary sanctions (Arts. 10, 11, 12 of Leg. Decree 231/2001)

which are applied in all cases where the company is found to be liable. They are applied in “quotas”, numbering between 100 and 1,000, with the amount of each quota ranging from a minimum of €258.23 to a maximum of €1,549.37. The number of quotas is determined by the court on the basis of the indices identified in Art. 11 par 1, while the amount of the quota is set according to the financial situation of the Entity involved.

- Disqualifying sanctions (Art. 9 par 2 of Leg. Decree No 231/2001)

are imposed only in cases that are strictly provided for and only for certain offences. The disqualifying sanctions are:

- disqualification from performing the business activity;
- suspension or withdrawal of authorisations, licences or concessions relating to the offence;
- ban on contracting with public administration, except to procure a public service;
- exclusion from facilities, financing, contributions or subsidies and the possible withdrawal of those already

granted;

- ban on advertising goods and services.

As in the case of monetary sanctions, the type and duration of disqualifying sanctions are determined by the criminal court, taking into account the factors defined in Art. 14 of the Decree. In any case, disqualifying sanctions can last between three months and two years.

It is worth noting that disqualifying sanctions may be applied to the Entity both after the proceedings and, thus, after having been found guilty, or as a precautionary measure, i.e. when:

- there is strong evidence to suggest that the Entity is liable for an administrative offence;
- there is well-founded and specific evidence to suggest a significant risk of further offences of the same nature as the one being prosecuted being committed;
- the Entity made a substantial profit from the offence.

- Publication of the judgement (Art. 18 of Leg. Decree 231/2001)

The publication of the judgement is a possible sanction and requires the application of a disqualifying sanction.

- Confiscation (Art. 19 of Leg. Decree 231/2001)

Confiscation of the price of or profit from the offence is a mandatory sanction that follows any conviction.

Finally, for the sake of thoroughness, it should be noted that the judicial authority may also order:

- the precautionary seizure of assets that can be confiscated (Art. 53);
- the precautionary seizure of the Entity's movable and immovable assets where there is a well-founded reason to believe that the payment of a monetary sanction, the costs of proceedings or any other sum owed to the Italian State cannot be guaranteed or may be lost (Art. 54).

1.3 The adoption and implementation of an Organisation, Management and Control Model as an exemption from administrative liability for offences

The legislator recognises, in Arts. 6 and 7 of the Decree, specific forms of exemption of the company from administrative liability.

In particular, Art. 6 par 1 states that, in the event that the offences are attributable to persons in a senior position, the Entity shall not be held liable if it can prove that:

- a) it has adopted and implemented, prior to the offence being a committed, an Organisation, Management and Control Model (hereinafter, for the sake of brevity, also referred to as the "Model") that prevents the type of offence that has occurred;

- b) it has appointed an independent board with autonomous powers to supervise the operation of and compliance with the Model and to ensure that it is kept up-to-date (hereinafter referred to as the “Supervisory Board” or “SB” or even just the “Board”);
- c) the offence was committed by fraudulently circumventing the measures foreseen by the Model;
- d) there was no failure or poor supervision on the part of the Supervisory Board.

The contents of the Model is identified by Art. 6, which, in par 2, states that the company must:

- a) identify the activities that may give rise to offences;
- b) plan specific protocols or procedures for company decisions (approval and implementation) in relation to the offences to be prevented;
- c) identify ways of managing financial resources that effectively prevent offences;
- d) provide for reporting obligations towards the SB;
- e) introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.

In the case of persons in a subordinate position, the adoption and effective implementation of the Model means that the Entity shall only be held liable in the event that the offence was committed due to the non-fulfilment of its management and supervisory obligations (combined as referred to in Art. 7 par 1 and par 2).

Subsequent paragraphs 3 and 4 introduce two principles which, although they are placed within the scope of the aforementioned provision, are significant and decisive for the purposes of exempting the Company from liability for both offences referred to in Art. 5(a) and (b). In particular, it is foreseen that:

- the Model must include appropriate measures both to ensure that the activity is carried out in compliance with the law and to identify promptly any situations of risk, taking into account the type of activity carried out and the nature and size of the organisation;
- the effective implementation of the Model requires periodic audits and amendments in the event of discovering significant violations of the legal provisions or significant changes in the organisation or changes in legislation; there must also be an appropriate disciplinary system in place (already provided for in Art. 6 par 2(e)). .

In formal terms, therefore, there is no obligation to adopt and effectively implement a Model, but Entities have the option to do, and they may equally decide not to comply with the provisions of the Decree without incurring any sanctions.

However, the adoption and effective implementation of a suitable Model is an essential prerequisite for Entities to

benefit from the exemption provided for by the legislator.

It is also important to bear in mind that the Model is not to be understood as a static tool, but must be considered, conversely, as a dynamic device that allows the company to eliminate, through a correct and targeted gradual implementation of the Model, any shortcomings (e.g. deficiencies in the internal control system) that, at the time of its creation, could not be identified.

2. DRAFTING THE MODEL

The drafting of the Model can be summarised in the following operational steps:

- **Mapping crime-risk areas of the company**

An analysis of the situation at Paideia international Hospital to identify areas potentially at risk of the offences set out in the Decree.

More specifically, the offences considered by the decree were analysed to identify the areas, persons and types of operation for which there is the risk that such offences may occur

In the light of the results of this investigation, we were able to assess the suitability of the existing controls and take decisions on the possible implementation of control procedures.

The output of this step consisted of mapping the crime-risk areas and processes of the company, as described within

the specific “special sections”.

- **Analysis of potential risks**

This task focused on the possible ways in which offences may be committed in the various areas at Paideia International Hospital that were identified in the mapping stage and led to a comprehensive picture of the ways in which offences may be perpetrated in relation to the internal and external operating environment of Paideia international Hospital.

The output of this step consists of mapping the potential ways in which offences may be committed in the identified risk areas described within the specific “special sections”.

- **Assessment/construction/adjustment of the preventive control system**

This process involved an assessment of the existing preventive control system and, where necessary, its adjustment, or, its construction when absent. The preventive control system shall ensure that the risks of offences being committed, as identified and documented in the previous stage, are reduced to an “acceptable level”. In other words, this involves designing what Leg. Decree No 231/2001 defines as “*specific protocols to plan the formation and implementation of the decisions adopted by the entity with regard to the offences to*

be prevented.”

The output of this step consists of a documented description of the preventive control system put in place, detailing the individual components of the system, as well as any necessary action plans.

The most relevant components of the preventive control system defined in the Guidelines are:

- Code of Ethics and Conduct;
- organisational system;
- manual and computerised procedures;
- control and management system;
- staff communications and training.

The control system has also been aligned with the following principles:

- verifiability, traceability, consistency and coherence of each operation;
- segregation of duties/roles (no one can manage all stages of a process autonomously);
- documentation of controls;
- introduction of an adequate sanction system for violations of the rules and procedures laid down in the Model;
- appointment of an SB, responsible for supervising the functioning and effectiveness of and compliance with the Model and for updating it, which fulfils the following requirements:
 - autonomy and independence,
 - professionalism,
 - continuity of action.
- reporting obligation towards the SB for all crime-risk areas of the company.

3. THE ORGANISATION AND CONTROL MODEL ADOPTED BY PAIDEIA INTERNATIONAL HOSPITAL

3.1 Brief profile of Paideia International Hospital

Paideia Casa di Cura (now Paideia International Hospital) started its activities in the 1960s. It immediately became a leading company in the field of private hospital care. This was due to the following main reasons:

- exhaustive diagnostic and therapeutic equipment (all state-of-the-art);
- highly qualified medical and nursing care;
- a highly comfortable and innovative accommodation service for patients and accompanying persons.

The collaboration of internationally-renowned Italian and foreign professionals made the hospital a leading facility for general and specialist surgery.

Paideia was the first private facility to provide post-op and cardiac resuscitation equipment.

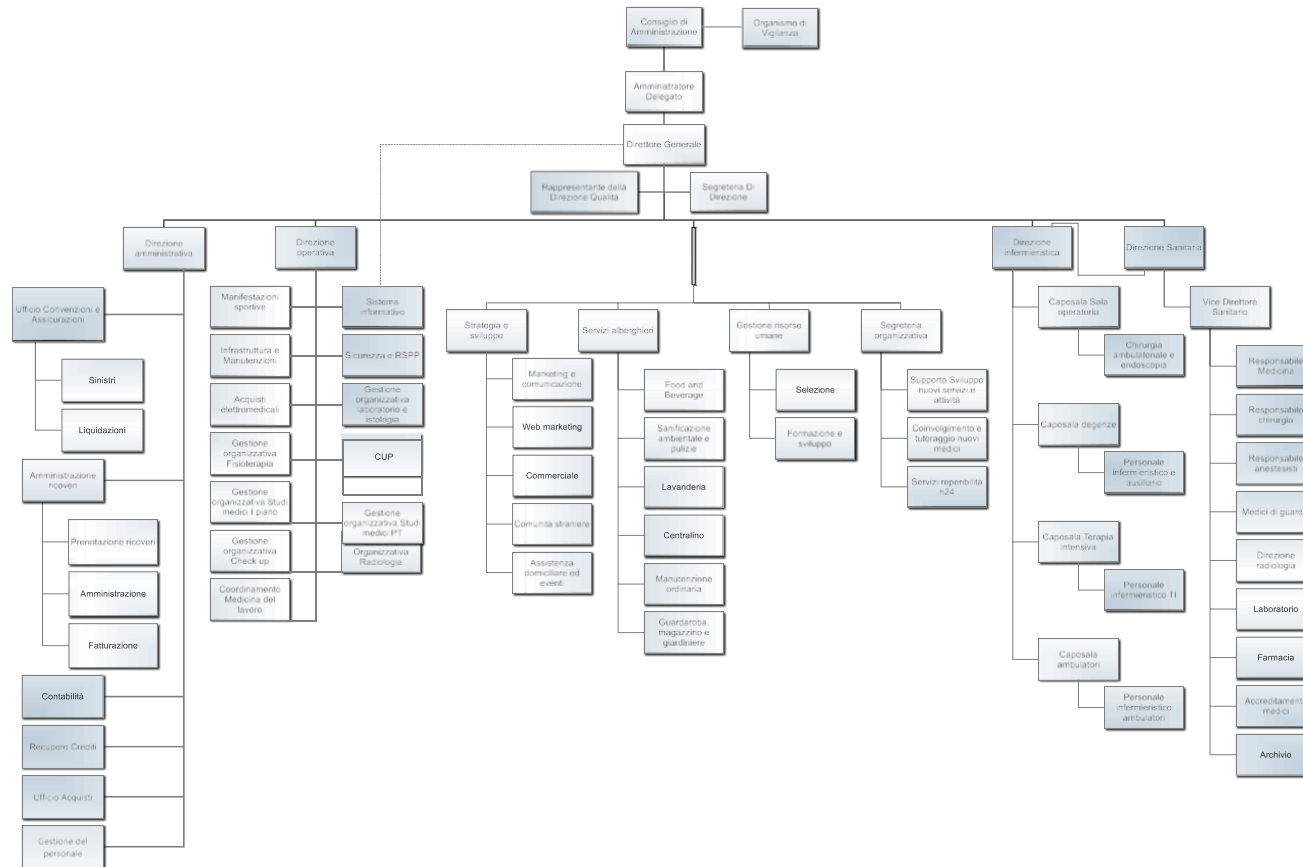
The company engages highly valued specialists in the main branches of medicine and surgery with the aim of maintaining the above-mentioned characteristics over time, pursuing the continuous technological development.

In fact, the company uses highly-innovative diagnostic equipment that has enabled a considerable qualitative leap in the services provided, expanding the range of services offered to customers.

In addition, Paideia International Hospital is partnered with a major professional sports club (S.S. Lazio S.p.a.) whose team benefit from diagnostic services through its sports medicine department.

In 2022, Casa di Cura Paideia changed its headquarters and adopted the name “**Paideia International Hospital**”, while keeping the company name “Casa di Cura Paideia Società per Azioni”.

3.2 Organisational chart



3.3 Paideia International Hospital's reasons for adopting the organisation, management and control model

In order to ensure fairness and transparency when carrying out its activities, Paideia International Hospital deemed it appropriate to adopt an Organisation, Management and Control Model in line with the provisions of Decree 231/01.

Together with the adoption of the Code of Ethics and Conduct, this action was taken in the belief that the adoption of the Model — aside from the provisions of the Decree, which indicate the Model itself as an optional and non-compulsory element — can be a valid tool for raising the awareness of all Paideia International Hospital's employees and all other stakeholders (suppliers, partners, associates of various capacities) to ensure that they follow correct and consistent conduct, such as to prevent the risk of the offences set out in the Decree.

3.4 Recipients of the organisational model

This Model applies to all those who perform, even de facto, management, administration or control duties at Paideia International Hospital, as well as to all employees and accredited physicians at Paideia International Hospital.

As regards, on the other hand, staff, consultants and suppliers in general: since they are external partners, they are not obliged to comply with the rules set out in the Model, and disciplinary sanctions cannot be applied to them in the event of violation of those rules.

To these parties, Paideia International Hospital shall distribute the Code of Ethics and Conduct and shall include in the different contracts specific termination clauses to sanction the violation of the rules contained in the aforementioned Code of Ethics and Conduct.

3.5 Purposes of the model

The Model prepared by Paideia International Hospital is based on a structured and organic system of procedures and control activities which in substance:

- a) identify the areas and processes of potential risk in Paideia International Hospital's activities (i.e. those activities where there is a high risk of offences being committed);
- b) define an internal regulatory system aimed at planning the formation and implementation of Paideia International Hospital's decisions in relation to the risks/offences to be prevented through:
 - a Code of Ethics and Conduct, which expresses the ethical commitments and responsibilities in the conduct of Paideia International Hospital's business and activities assumed by the employees, directors and associates of various capacities at Paideia International Hospital;

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- a system of authorisations and signatory powers that ensures a clear and transparent representation of the decision-making and implementation process;
- c) establish a consistent organisational structure, aimed at inspiring and correct conduct, guaranteeing a clear and organic allocation of tasks, applying the just segregation of duties, and ensuring that the desired organisational structure is actually implemented;
- d) identify the processes for managing and controlling financial resources in high-risk activities;
- e) entrust the SB with the task of supervising the operation of and compliance with the Model and proposing updates.

Therefore, the Model aims to:

- improve the corporate governance system;
- provide a structured and organic system of prevention and control aimed at reducing the risk of offences related to Paideia International Hospital's activities, with particular regard to reducing any unlawful behaviour;
- ensure that all those who work for and on behalf of Paideia International Hospital in the "high-risk areas of activity" are aware that the violation of the provisions set out in the Model may constitute an offence punishable by criminal and administrative sanctions, not only against themselves but also against Paideia International Hospital;
- inform all those who work in any capacity for, on behalf of or in any case in the interest of Paideia International Hospital, that violation of the provisions contained in the Model will result in the application of the appropriate sanctions, or the termination of the contractual relationship;
- reiterate that Paideia International Hospital does not tolerate unlawful conduct of any kind and irrespective of its purpose, insofar as such conduct (even if Paideia International Hospital were apparently to benefit from it) is, in any case, contrary to the ethical principles with which Paideia International Hospital complies.
- Introduce a whistleblowing system made up of one or more channels (one of which computerised) enabling those who, in any capacity, represent or manage Paideia International Hospital to submit, for the protection of the hospital's integrity, detailed reports of significant unlawful conduct based on precise and consistent facts, or of breaches of this organisation and management model, of which they have become aware by virtue of their duties; these channels ensure the confidentiality of the whistleblower's identity when

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processing the report; they also guarantee appropriate measures to protect the identity of the whistleblower and to maintain the confidentiality of the information in any context subsequent to the report, to the extent that anonymity and confidentiality are enforceable by law.

3.6 Amendments and additions to the Model

Since this Model is an act issued by the management body (as provided for in Art. 6 par 1(a) of the Decree), its adoption, as well as any subsequent amendments and additions, are the responsibility of the Board of Directors at **PAIDEIA INTERNATIONAL HOSPITAL**.

In particular, the Board of Directors, upon the proposal of the Supervisory Board, is responsible for supplementing this Model with additional Special Sections relating to other types of offences which, as a result of new legislation that is significant due to its possible impact on sensitive areas, may fall within the scope of application of Decree No 231/01, or to update it as a result of changes in the company organisation or in the activities carried out by Paideia International Hospital.

3.7 Methodology followed in drafting Paideia International Hospital’s organisational model

Paideia International Hospital has launched a project to analyse and review its organisational system with a focus on developing the Organisational Model in compliance with the indications of Leg. Decree No 231/01.

The project consisted of the following five steps:

Steps	Activities
Step 1	<u>Preliminary analysis of company documentation</u> The first stage involves analysing the organisational structure and activities managed by Paideia International Hospital , also taking into account the main basic documentation (organisational chart, procedures, etc.).
Step 2	<u>Identifying crime-risk areas</u> Mapping of activities at risk of offences 231 , i.e. all company activities and processes that could potentially lead to the offences set out in the regulation. The mapping was carried out through a series of interviews with the heads of the company departments.
Step 3	<u>Assessment of the control system</u> All activities identified as potentially at risk of offence 231 were analysed in order to ensure there are appropriate process controls in place to mitigate the risks identified.
Step 4	<u>Gap Analysis-Action Plan</u> Comparative analysis of existing controls to protect crime-risk activities and general control standards. The findings of the gap analysis served to establish the relative Action Plans.

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Step 5	<u>Formalisation of the Organisation, Management and Control Model</u> Definition of the organisational model pursuant to Leg. Decree 231/2001 broken down into all its components and operating rules, adapted to Paideia International Hospital..
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3.8 The constitutive elements of Paideia International Hospital's model

This Model Summary Document consists of a **General Section** and a **Special Section**.

The General Section, after a brief but necessary illustration of the rationale and principles of the Decree, as well as a brief review of the provisions set out in the document "Regulation and Duties of the Supervisory Board", dedicated to the regulation of the SB, which is also briefly set out therein, summarises the protocols indicated below, which make up Paideia International Hospital's Model:

- the organisational system;
- the system of proxies and authorisations;
- manual and computerised procedures;
- management control activities;
- control of occupational health and safety (operational management and monitoring) and environmental requirements
- the Code of Ethics and Conduct;
- the Disciplinary System;
- the communication and involvement of personnel on the Model, as well as their education and training.

The Special Section is, in turn, divided into nineteen parts:

- Special Section A, on offences against public administration;
- Special Section B, on corporate offences;
- Special Section C, on offences for the purposes of terrorism and subversion of democracy;
- Special Section D, on offences against the individual;
- Special Section E, on manslaughter and serious or very serious personal injury through negligence committed in violation of the rules on the protection of health and safety at work;
- Special Section F, on receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin;
- Special Section G, on cybercrime;
- Special Section H, on offences against industry and trade;
- Special Section I, on organised crime;
- Special Section L, on copyright infringement;

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- Special Section M, on inducement not to make or to make false statements to judicial authorities.
- Special Section N, on environmental offences;
- Special Section O, on bribery between private individuals;
- Special Section P, on the employment of third-country nationals staying illegally or aiding and abetting illegal immigration and the stay of illegal immigrants;
- Special Section Q on female genital mutilation
 - Special Section R on incitement to racism and xenophobia;
 - Special Section S on tax offences and smuggling;
 - Special Section T on sports fraud;
 - Special Section U on fraud and forging material and immaterial non-cash payment instruments.

The Special Sections outline:

- a) the “crime-risk” areas and “sensitive” activities;
- b) the functions/departments that operate within the "crime-risk" areas or “sensitive” activities;
- c) the behavioural principles to be observed in order to reduce the risk of offences;
- d) the type of controls in place in the individual "crime-risk" areas and references to any management and operating procedures of the Quality Management System adopted by Paideia International Hospital and certified by an independent third party which regulate the performance of processes relating to the aforementioned risk areas;
- e) the tasks to be performed by the SB in order to reduce the risk of offences.

This General Section and the nineteen Special Sections are also accompanied by the documents representing certain protocols, which complete and specify the framework of the organisation, management and control of Paideia International Hospital, such as the Code of Ethics and Conduct, the Disciplinary System and the document "Regulation and Duties of the Supervisory Board" mentioned above.

These documents, considered jointly, constitute the Model adopted pursuant to the Decree.

3.9 Adoption, implementation, updating, distribution

PAIDEIA INTERNATIONAL HOSPITAL'S organisational and management system aims to ensure that the company's activities are carried out in compliance with current legislation and the provisions of the Code of Ethics and Conduct.

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With a view to planning and managing company activities aimed at efficiency, fairness, transparency and quality, Paideia International Hospital has adopted and implements the organisational, management and control measures described in this document, hereinafter referred to as the Model.

In order to prevent the risk of offences for which Paideia International Hospital may be held liable under Leg. Decree No 231/2001, the Model foresees:

1. the identification of activities that may give rise to offences;
2. specific protocols/procedures designed to plan the formation and implementation of Paideia international Hospital's decisions in relation to the offences to be prevented;
3. the identification of ways of managing financial resources that effectively prevent offences;
4. reporting obligations towards the board responsible for supervising the operation of and compliance with the Model;
5. the introduction of an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.
6. the introduction of a whistleblowing system for reporting offences or violations of the principles of the model itself and the absolute protection of the whistleblower, preventing any kind of retaliation or discriminatory act against them.

The Model is subject to periodic audits and is amended if significant violations of the rules are discovered or changes occur in Paideia International Hospital's organisation or activities, or in the reference legislation.

Anyone working at or for Paideia International Hospital it is obliged to comply with the relevant provisions of the Model, and in particular to comply with the reporting obligations to enable the monitoring of compliance with the provisions by all employees and contractors.

A copy of the Model, its annexes and its updates are kept in a shared folder on Paideia International Hospital's servers and is available to anyone who is authorised to access it. In addition, the Code of Ethics and Conduct and the sanctions system are published on the company intranet, which is accessible to all employees. Paideia International Hospital shall notify each person required to comply with the Model of the relevant requirements in relation to the specific activity or duty.

3.10 Sensitive processes relating to high-risk areas

The following sensitive processes, common to the performance of **PAIDEIA INTERNATIONAL HOSPITAL'S** activities in the areas or functional areas referred to in the preceding paragraph, have been identified:

- P.01 Business process
- P.02 Management of activities related to authorisation requests or the fulfilment of obligations towards public administration

- P.03 Management of judicial and extra-judicial litigation against public entities
- P.04 Management of human resources
- P.05 Management of computer systems
- P.06 Management of safety and the environment
- P.07 Procurement process
- P.08 Financial process
- P.09 Administrative process (registration, drafting and control of accounting and non-accounting documents)
- P.10 Management of relations with shareholders and the Board of Statutory Auditors.
- P.11 Convening, conducting and taking the minutes of Shareholders' Meetings
- P.12 Capital transactions and allocation of profits
- P.13 Waste management
- P.14 Admissions and check-ins
- P.15 Hospitalisation and surgery
- P.16 Diagnostics and Laboratory
- P.17 Management of drugs and narcotics
- P.18 Provision of health services in the interest of the community in health emergencies

3.11 Protocols for making and implementing decisions

Due to Paideia International Hospital's organisational structure, the adopted system of delegation of powers and functions provides that all decision-making powers are placed among senior management, represented by the Board of Directors.

The level of autonomy, power of representation and spending limits assigned to the various holders of authorisations within

Paideia International Hospital are specified in the proxy agreements and related annexes.

The limits and methods of exercising these powers are set out in the procedures and protocols for sensitive processes.

With reference to the activities relating to the expressly identified sensitive processes, the Model (Special Sections) foresees specific protocols containing a formalised description or the references of:

1. the internal procedures for taking and implementing management decisions (including the normal undertaking of the relative activities), with an indication of the relative methods and the persons to which the functions, competences and responsibilities are assigned;
2. the methods of documenting and storing the procedural acts, in order to ensure their transparency and verifiability;

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3. the methods of monitoring conformity between the envisaged procedures and their implementation and documentation.

The internal procedures foreseen by the protocols ensure separation and hierarchical independence between those who make the decision, those who implement it and those responsible for monitoring.

Limits are set on the decision-making autonomy regarding the use of financial resources, by setting precise quantitative thresholds consistent with the management competences and organisational responsibilities entrusted to individual persons.

The quantitative limits referred to in the previous point may be exceeded in compliance with the established authorisation and representation procedures, whilst always ensuring separation and hierarchical independence between those who authorise expenditure, those who must implement it and those in charge of monitoring.

In the event of approved joint representation arrangements, the principle of hierarchical independence shall be ensured between the holders of the power of joint representation.

Exemptions to the protocols and procedures laid down in the Model are permitted in the event of absolute emergency or if their implementation is temporarily impossible. Exemptions are reported immediately to the Supervisory Board, with clear indication of the reasons.

The protocols and procedures are also updated at the proposal or recommendation of the Supervisory Board.

3.12 Methods for managing financial resources

With reference to the activities relating to the expressly identified sensitive processes, the Model (Special Section) foresees specific methods for managing financial resources.

These methods ensure the separation and independence between those who contribute to making decisions on using financial resources, those who implement those decisions, and those entrusted with monitoring the use of financial resources.

All transactions involving the use or investment of economic or financial resources must have an adequate reason and be documented and recorded, manually or digitally, in accordance with principles of professional and accounting propriety; the related decision-making process must be verifiable.

All transactions involving atypical or unusual activities or services must be specifically and clearly justified and reported to the Supervisory Board.

The management methods are also updated at the proposal or recommendation of the Supervisory Board.

3.13 Methods for managing accounting entries and periodic tax returns

Paideia International Hospital has provided for the drafting of a special section in the model indicating the procedures put in place in order to prevent irregularities that may generate tax offences. The fully computerised control of the process of managing accounting entries and liabilities and the methods for preparing periodic tax reports and related

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controls constitute the fundamental elements of the protocols/procedures contained or referred to in the same special section.

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3.13 Reporting obligations

For activities relating to the expressly identified sensitive processes, the Model foresees specific reporting obligations towards the Supervisory Board.

In any case, the Supervisory Board has access to all documentation relating to the sensitive processes indicated in point 3.10 (Sensitive processes relating to high-risk areas).

All Paideia International Hospital staff are free to contact the Supervisory Board directly or to use the reporting channels provided by the management procedures to report violations of the Model or any irregularities.

4. SUPERVISORY BOARD

4.1 Identifying the Supervisory Board

Par 4.1 and following pars 4.2, 4.3 and 4.4 contain a brief description of the Supervisory Board, identifying its members, main functions and the reporting and information flows intended for it.

For a more in-depth analysis and a detailed list of the Board's tasks, please refer to the document "Regulation and Duties of the Supervisory Board", an integral part of Paideia International Hospital's Model 231.

In light of the above, Art. 6 par 1(b) of the Decree establishes, as a condition for granting exemption from administrative liability, that the Entity appoints a Board with autonomous powers of initiative and control, entrusted with the task of supervising the operation of and compliance with the Models and its updating.

For PAIDEIA INTERNATIONAL HOSPITAL, this monocratic body consists of:

an external person, appointed by the BoD. The appointment of this person is to be considered an integral part of this model.

4.2 Term in office

The SB's term of office is set at three years, renewable by decision of the Board of Directors. No substitute SB is foreseen. If it is not possible to continue working with the appointed person, someone else will be directly appointed. The SB shall remain in office until a new SB is appointed (prorogatio).

The person entrusted with this task must meet the requirements of:

- Autonomy and independence

The SB must be included as a staff member in the highest hierarchical position possible, and must report to Paideia International Hospital's senior management, or to the body with functions of strategic supervision and management.

These requirements are essential so that the SB is not directly involved in management activities that constitute the object of its control activities.

- Professionalism

The members of the SB must have the technical and legal knowledge necessary to perform the assigned task. These characteristics together with independence guarantee objectivity of judgement.

- Continuity of action

of action The SB must always be present in order to ensure the effective and continuous application of the Model.

In order to implement the provisions of the Decree, PAIDEIA INTERNATIONAL HOSPITAL'S directors have identified the most suitable person to whom to assign this task and thus to perform the functions of Supervisory Board. Taking into account the peculiar nature of their powers and the specific professional requirements for the position, the Supervisory Board, in the performance of its duties, must be able to rely on other functions of PAIDEIA INTERNATIONAL HOSPITAL which, from time to time, may be useful in the performance of the activities to be carried out.

4.3 The functions and powers of the Supervisory Board

The SB is generally entrusted with the task of supervising:

- a) the effectiveness of the Model, i.e. compliance with its provisions by the recipients identified in relation to the different types of offences contemplated by the Decree;
- b) the actual effectiveness and adequacy of the Model, i.e. its capacity, in relation to Paideia International Hospital's structure, to prevent the offences referred to in the Decree;
- c) the soundness and functionality of the Model maintained over time;
- d) the updating of the Model, where it needs to be adapted in relation to changes in situations at Paideia International Hospital. This activity normally takes place in two distinct and integrated stages:
 - a. submission of proposals for adaptation of the Model to the bodies/managements/functions of Paideia International Hospital that will implement them. Depending on the type and scope of actions, proposals are submitted to the functions concerned, and in cases of particular importance, to the body with strategic supervision and management functions;
 - b. follow-up, i.e. verification of the implementation and effective functionality of the proposed solutions.

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On a more operational level, the SB is entrusted with the following tasks:

- activating control procedures, bearing in mind that primary responsibility for the control of activities, including those relating to crime-risk areas, remains with the Operational and Support Units;
- conducting surveys of Paideia International Hospital's activities for the purposes of updated mapping of crime-risk areas of activity;
- periodically carrying out targeted checks on specific transactions or acts carried out within crime-risk areas;
- promoting appropriate measures for the dissemination of awareness and understanding of the Model and preparing the necessary internal organisational documentation for the proper functioning of the Model, containing instructions, clarifications or updates;
- collecting, processing and storing information relevant to compliance with the Model, as well as updating the list of information that must be transmitted to the SB or kept at its disposal;
- coordinating with the other functions/departments at Paideia International Hospital (including through dedicated meetings) for optimum monitoring of activities in high-risk areas. To this end, the SB is constantly informed of developments in the activities of the above-mentioned high-risk areas and has free access to all of Paideia International Hospital's relevant documentation. The various functions must also report to the SB any situations that may expose Paideia International Hospital to the risk of offences;
- checking the actual presence, validity and effectiveness of the required documentation in accordance with the provisions for the different types of offences. In particular, the most significant activities must be reported to the SB, and the document updates must be made available, in order to permit the necessary checks;
- coordinating internal investigations into any alleged violations of the provisions of the Model reported through the channels provided;
- verifying that the elements provided for the different types of offences (completing procedures, adopting standard clauses, etc.) are adequate and meet the requirements of compliance with the provisions of the Decree, and updating them if they are not;
- coordinating with the heads of the various functions on the various aspects relating to the implementation of the Model (definition of standard clauses, staff training, disciplinary measures).

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4.4 Information flows towards the Supervisory Board

4.4.1 Reports from Paideia International Hospital representatives and third parties

In the context of Paideia International Hospital's activities, in addition to the documents prescribed by the Model in accordance with the procedures set out therein, any other information of any kind, including from third parties, concerning the implementation of the Model in the high-risk areas and compliance with the provisions of the Code of Ethics and Conduct must be brought to the attention of the SB.

In this regard, the SB gathers any reports relating to the commission of offences provided for by the Decree in relation to Paideia International Hospital's activities or in any case conduct that is not in line with the rules of conduct adopted by Paideia International Hospital and/or provided for by the Code of Ethics and Conduct. Reports are made in the manner indicated in Management System procedure PGQ 12.03 - Whistleblowing.

Reports may be made in writing or using the special channels made available so as to ensure the anonymity of the whistleblower, within the limits prescribed by law, and may concern any violation or suspected violation of the Model and the provisions of the Code of Ethics and Conduct. Paideia International Hospital shall act in such a way as to protect whistleblowers against any form of retaliation, discrimination or penalisation, as well as ensuring the confidentiality of the whistleblower's identity, without prejudice to legal obligations and the protection of the rights of Paideia International Hospital or of persons wrongly accused and/or accused in bad faith.

4.4.2 Reporting obligations relating to official acts and periodic statements

It is mandatory to report to the SB information concerning:

- measures and/or notices from police bodies, or from any other authority, from which it can be inferred that investigations are underway, even against persons unknown, for offences pursuant to the Decree;
- requests for legal assistance made by executives and/or employees in the event of legal proceedings brought for offences pursuant to the Decree;
- reports prepared by those responsible for other departments at Paideia International Hospital or by other external persons appointed as part of their control activities and from which facts, acts, events or omissions may emerge and become critical with respect to compliance with the provisions of the Decree;
- information on the actual implementation, at all organisational levels, of the Model, with evidence of the disciplinary proceedings carried out and any sanctions imposed, or of the orders to dismiss such proceedings with the relevant reasons;
- the declarations of responsibility and absence of conflicts of interest of the corporate bodies and the heads of the various functions at the time of appointment or the start of the employment relationship and in any case annually;

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- the annual statement of the Budget Manager and the heads of company functions providing useful information for preparing the draft budget.
- Reports received on unlawful conduct and status of disciplinary actions taken.

Periodically, the SB proposes any changes to the above list to the directors.

4.5 Reporting by the Supervisory Board to corporate bodies

Two reporting lines are assigned to the SB:

- the first on an ongoing basis directly with the Chairperson;
- the second, on at least an annual basis, to the Board of Statutory Auditors.

The SB may be convened at any time by the aforementioned bodies or may, in turn, submit a request to this effect to report on the functioning of the Model or on specific situations.

Special meetings are also encouraged between the SB and the Board of Statutory Auditors for the purpose of exchanging information on issues of common interest.

5. MODEL AND THE CODE OF ETHICS AND CONDUCT

As provided for in the Guidelines, the adoption of a Code of Ethics and Conduct relevant to the prevention of offences pursuant to Leg. Decree 231/2001, constitutes an essential element of the preventive control system.

The rules of conduct contained in this Model therefore complement those of the Code of Ethics and Conduct adopted by **PAIDEIA INTERNATIONAL HOSPITAL**.

The Code of Ethics and Conduct is a tool adopted autonomously by Paideia International Hospital as an expression of the principles of "professional conduct" which Paideia International Hospital itself adopts and compliance with which it encourages among all its employees and associates.

5.1 Purposes, recipients and structure of the Code of Ethics and Conduct

Paideia International Hospital's Code of Ethics and Conduct indicates the general principles and rules of conduct which Paideia International Hospital recognises as being of positive ethical/behavioural value and with which all recipients must comply.

These recipients include all the directors, auditors and persons working for Paideia International Hospital, its employees, as well as all those who, although external to Paideia International Hospital, work, directly or indirectly, for Paideia International Hospital (e.g. contracted medical and health personnel, proxies, associates of any capacity, consultants, hereinafter referred to as "Third Party Recipients").

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The Recipients are required to observe and, within their areas of expertise, enforce the principles outlined in the Model and in the Code of Ethics and Conduct that is a part thereof.

Moreover, the set of rules contained in the Code of Ethics and Conduct, by aligning Paideia International Hospital's conduct to ethical standards based on the utmost fairness and transparency, guarantees the possibility of safeguarding the interests of *stakeholders*, as well as preserving Paideia International Hospital's image and reputation, while ensuring an ethical approach to the market, with regard to the activities carried out within Italy.

The Code of Ethics and Conduct, in brief, covers with the following issues:

- identification of ethical principles and reference values;
- rules of conduct in Paideia International Hospital's internal relations;
- rules of conduct in relations with third parties;
- methods for implementing and monitoring compliance with the Code of Ethics and Conduct.

5.2 The general principles governing PAIDEIA INTERNATIONAL HOSPITAL'S activities

The Code of Ethics and Conduct sets out the general principles governing Paideia International Hospital's activities.

Paideia International Hospital felt the need to formalise comprehensively and clearly the principles to which it attributes a positive, primary and absolute ethical value.

In particular, the fundamental ethical principles adopted by Paideia International Hospital concern the values and areas of activity listed below:

- central importance of the individual;
- compliance with laws;
- transparency;
- good governance;
- trust and cooperation.

6. STAFF TRAINING AND DISSEMINATION OF THE MODEL

6.1 Staff training

Paideia International Hospital promotes awareness of the Model and its updates among all employees, who are therefore required to read and understand it, comply with the provisions contained and to contribute to its implementation.

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Staff training for the purposes of implementing the Model is managed by Administration in close cooperation with the SB and staff management and is broken down into the levels indicated below:

1. Managerial staff and staff with functions of representation or coordination of employees at Paideia International Hospital: initial information distributed from time to time among all new hires; annual update seminar; occasional update e-mails; information in the recruitment letter for new hires.
2. Administrative staff: initial information distributed from time to time among all new hires, occasional update e-mails; information in the recruitment letter for new hires.
3. Other staff: internal briefing note; information in the recruitment letter for new hires; update e-mails.

Upon proposal by the SB's, special assessment systems may be established within Paideia International Hospital, by decision of the Chairperson and/or the body with strategic supervision and management functions, for the selection of external associates and partners intended to cooperate with Paideia International Hospital in carrying out high-risk activities.

6.2 Information to third parties

Paideia International Hospital promotes awareness of and compliance with the Model also among third parties with whom it may come into contact in the performance of its activities (e.g. external medical staff, suppliers, consultants, associates of various capacities, etc.).

They will therefore be provided with specific information on the principles, policies and procedures that Paideia International Hospital has adopted on the basis of this Model (see "ANNEXES to the Organisation, Management and Control Model pursuant to Leg. Decree No 8 June 2001, No 231" - Annexes 1 and 5 and physician accreditation process).

6.3 Dissemination of the Model

of the Model Paideia International Hospital encourages the widest possible distribution, both inside and outside the organisation, of the principles and provisions contained in the Model and in the protocols/procedures associated with it.

A copy of the model is kept by Administration. The copy approved in the BoD is kept by the CEO.

The Model approved by the BoD is formally communicated to all senior management and staff at Paideia International Hospital by making a full copy available in a shared folder, in computer readable format or online .

Paideia International Hospital keeps a record of the notification that a computer copy of the model has been made available and the undertaking by the recipients to comply with the rules it contains.

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The SB promotes, also through the preparation of specific plans approved by the body with strategic supervision and management functions and implemented by Paideia International Hospital, and monitors all additional information activities that it deems necessary or appropriate.

Paideia International Hospital promotes the communication and involvement of the recipients of the Model, within the limits of their respective roles, functions and responsibilities, in matters related to occupational health and safety and environmental protection, with particular regard to the following:

- the health and safety risks and significant environmental impacts in relation to Paideia International Hospital's activities;
- the prevention and protection measures and activities adopted;
- the specific risks to which each worker is exposed in relation to the activity performed;
- the dangers associated with the use of dangerous substances and preparations;
- procedures concerning first aid, fire safety, evacuation of workers, the climate emergency;
- the appointment of persons entrusted with specific tasks concerning occupational health and safety and environmental protection.

7. PERIODIC AUDITS

This Model is subject to two different types of audit:

- **Audits of actions:** Paideia International Hospital's main actions in the crime-risk areas are checked annually; this audit is mainly carried out by the SB;
- **Audits of procedures:** the effective functioning of this Model is periodically (normally every six months) audited in the manner set out in the Management System procedures, mainly by carrying out internal audits on the crime-risk areas.

At the end of the audit, a report is drawn up highlighting possible shortcomings and suggesting possible actions to be taken. This report is submitted to the CEO and the body with supervisory and control functions.

8. PAIDEIA INTERNATIONAL HOSPITAL'S DISCIPLINARY SYSTEM

PAIDEIA INTERNATIONAL HOSPITAL'S DISCIPLINARY SYSTEM PAIDEIA INTERNATIONAL HOSPITAL'S Disciplinary System is summarised below, it being understood that for the full regulations, you must refer to the document in its entirety, which constitutes an integral part of the Model.

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In compliance with the provisions of the Decree, **PAIDEIA INTERNATIONAL HOSPITAL** has a Disciplinary System which, in addition to being delivered, including electronically or in computer-readable format, to persons in senior positions and employees, is also published on the company network to ensure it reaches all the Recipients.

PAIDEIA INTERNATIONAL HOSPITAL'S Disciplinary System is divided into **four sections**.

The first section indicates the persons who may be subject to the foreseen sanctions, divided into four different categories:

1. Directors and Statutory Auditors;
2. other persons in a senior positions;
3. **PAIDEIA INTERNATIONAL HOSPITAL** employees;
4. other persons required to comply with the Model.

The second section first points out that violations of the Model include all acts, either committed or omitted (including negligence), that harm the effectiveness of the Model as a tool for preventing the risk of the offences contemplated by the Decree, and then outlines the possible violations, divided into two different categories, in order of increasing severity:

1. non-compliance with the Model for violations carried out in the context of the "sensitive" activities referred to in the "crime-risk" areas identified in the Special Sections, and provided the conditions set out in No 2 below do not apply;
2. non-compliance with the Model for violations aimed at committing one of the offences set out in the Decree, or in any case there is a risk that Paideia International Hospital may be held liable under the Decree.

Violations of health and safety regulations are also highlighted, again in order of increasing severity:

3. non-compliance with the Model for violations leading to a situation of real danger for the physical integrity of one or more persons, including the person committing the violation, and provided that the conditions set out in Nos 4, 5 and 6 below do not apply;
4. non-compliance with the Model for violations resulting in physical injury to one or more persons, including the person committing the violation, and provided that the conditions set out in Nos 5 and 6 below do not apply;

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5. failure to comply with the Model for violations resulting in physical injury, which can be qualified as "serious" pursuant to Art. 583 par 1 of the Criminal Code.⁶, to one or more persons, including the person committing the violation, and provided that the conditions set out in No 6 below do not apply;
6. failure to comply with the Model for violations resulting in physical injury, which can be qualified as "very serious" pursuant to Art. 583 par 1 of the Criminal Code. 7, to or the death of one or more persons, including the person committing the violation.

Violations of environmental regulations are also highlighted, again in order of increasing severity:

7. non-compliance with the Model for violations resulting in a formal lack in the administrative and operational management of the waste produced (mixing of waste, producing a false certificate of analysis during transport, deficiencies in the compilation of forms and registers), provided that the conditions set out in No 8 below do not apply;
8. non-compliance with the Model for violations resulting in or that could result in a significant deterioration of one or more environmental matrices (discharge of industrial waste water containing dangerous substances without the necessary authorisation or in violation of the requirements or limits imposed by the competent authority, discharge into the soil or subsoil, failure to clean up, exceeding the air quality limits) and provided that the conditions set out in No 9 below do not apply
9. non-compliance with the Model for violations involving one or more illegally organised activities that cause serious harm to the environment and the community (unauthorised waste management activities, illegal waste trafficking, management of an unauthorised landfill site intended even in part for the disposal of non-hazardous or hazardous waste).

The third section indicates, for each of the significant violations, the sanctions that may be abstractly imposed for each category of persons required to comply with the Model. With specific regard to Third Party Recipients, appropriate sanctions of a contractual nature are provided for in the event of violation of the Model or the related protocols (e.g., formal notice to comply with the Model, application of a sanction, termination of the contract).

⁶ Under Art. 583 of the Criminal Code, personal injury is deemed serious, and punishable by imprisonment of three to seven years: 1) if the act results in an illness endangering the life of the offended person, or an illness or an inability to attend to ordinary occupations for a period exceeding forty days; 2) if the act results in the permanent impairment of a sense or an organ.

⁷ Pursuant to Art. 583 of the Criminal Code, personal injury is deemed serious and is punishable with imprisonment from six to twelve years, if the act results in: 1) a disease that is certainly or probably incurable; 2) sensory loss; 3) the loss of a limb, or a mutilation rendering the limb useless, or the loss of the use of an organ or ability to bear children, or a permanent and serious speech impairment; 4) deformation, or permanent disfigurement of the face.

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In any event, for the purposes of applying sanctions, the principles of proportionality and appropriateness in relation to the alleged infringement must be taken into account, as well as the following circumstances:

- a) the severity of the conduct or its outcome;
- b) the type of infringement;
- c) the circumstances under which the conduct took place;
- d) the manner of the conduct.

For the purposes of possible aggravation of the sanction, the following elements are also taken into account:

- the possible commission of multiple violations as part of the same conduct, in which case the aggravation will be applied to the sanction provided for the most serious violation;
- the possible complicity of multiple persons in the violation;
- possible repeat offending.

The fourth section sets out the procedure for the issue and application of sanctions for each category of recipients of the disciplinary system, including:

- notification of the offence to the person concerned;
- determination and subsequent application of the sanction.

The provisions contained in the Disciplinary System do not preclude the right of the recipients to exercise all their legal or regulatory rights, as well as their rights under collective bargaining agreements or applicable company regulations.