

Guidelines / Administration Policies

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Introductory notes

This Regulation of the Professional Relationship exclusively applies to staff hired by the Foundation under a fixed-term or permanent employment agreement.

The Regulation has been prepared and approved by the Executive Committee and shall be valid until revocation and/or amendment by the same Foundation body, upon a prior notice to all employees.

A copy of the Regulation of the Professional Relationship will be handed over to all employees as well as displayed in the Foundation offices.

Part I – General provisions

1. Subject

These Guidelines, in accordance with the Statute and with General Operating Regulations, govern the creation and management of the financial statements and of the budget, the administration, the management of assets, the management policies and the controls of the Fondazione Istituto Italiano di Tecnologia. These can be modified by the Executive Committee ("Committee"). The Guidelines are published on the Foundation website.

2. Principles

The Foundation is managed in such a way as to ensure the pursuit of its institutional goals, the speed and efficiency of its actions, the financial stability of the organization, the clarity, completeness and transparency of financial reports and the clear identification of responsibilities.

Accounting documents and records can be replaced, in all respects by relevant IT documentation or by analogous tools, including optical media; signatures are replaced, where deemed possible and useful, by electronic signatures guaranteed by the appropriate security systems.

Documentary evidence regarding the legality of accounting documents and records must be kept in its original format.

The management and coordination of scientific activities falls within the responsibilities of the Scientific Director, who is also accountable for the corresponding results. The Executive Committee shall perform ordinary and extraordinary administration duties, which may be delegated in whole or in part, upon recommendation by the Chairman, to one or more members of the Executive Committee and/or to the General Manager, if necessary. The Chairman shall govern the administration of the Foundation and shall keep the Board appropriately informed. Within the limits defined by the agreements referred to in Paragraph 10.2 of the General Operating Regulations, management of the research unit falls within the responsibilities of the individual unit Managers, who are also accountable for the corresponding results. Those who have been delegated responsibilities relative to specific functions are accountable to the delegating parties.

Subjects who are part of bodies responsible for the administration of the Foundation (asset management, management of movable and immovable properties, creation and approval of the budget, management control, approval of the financial statements) are required to report to the

Foundation governing bodies, in compliance with the scientific code of conduct, the existence of any conflicts of interest, so that appropriate corrective action can be taken.

Part II – Assets

3. Assets

The assets of the Foundation consist of the sum initially paid by the Founder and of additional resources identified by Article 4, Decree-Law No. 269 of 30 September 2003 and by Article 4 of the Statute.

In accordance with the applicable rules, the assets, the income derived from them and the corresponding operating surpluses are tied to the pursuit of the Foundation's corporate objectives. During the administration of the interest-bearing financial assets, the Foundation must observe prudential risk criteria, in order to preserve their value and to obtain an adequate return.

The initial assets referred to under Article 4, Paragraph 8, of the decree-law establishing the Foundation, may only be used for the purposes defined by the Ministry of Economy and Finance.

The management of the assets is guaranteed by the Executive Committee based on internal organizational arrangements that ensure separation from the other activities of the Foundation. The Committee shall manage the Foundation's equity interests, exercising the powers of the shareholders.

The Executive Committee may allocate the surplus to increase the reserves, to unrestricted funds or to restricted funds earmarked for institutional activities.

The Executive Committee, upon a proposal from the Scientific Director, may also use the unrestricted funds to constitute new restricted funds; the funds earmarked to institutional activities constituted as such must:

- be designated for extraordinary measures
- be mainly infrastructural in nature
- have a time period of use established during the establishment process

The earmarked funds that continue to have a residual value once the scope identified during their establishment has or has not been achieved, will be transferred over to the unrestricted fund.

The financial statements must provide evidence of the breakdown of net assets, the changes that occurred in the consistency of the unrestricted and restricted funds and the uses of the latter.

4. Goods

The goods of the Foundation are divided into immovable and movable properties in accordance with the rules of the civil code.

The inventories of goods contain all the relevant information needed to facilitate the correct identification of the asset, its location, the office or subject to whom they are entrusted, and any other relevant information.

Movable properties also include the relevant bibliographical material.

Movable properties and machinery are evaluated at their corresponding purchase cost, or estimated or market cost, in the case of properties received for other causes.

Depreciation rates are determined annually by the Executive Committee, which also deliberates the end of life criteria of the goods.

In implementing the directives of the Executive Committee, the Scientific Director assigns the use of the immovable properties and, respecting the autonomy of the research units, provides to the use of the movable properties, owned or used by the Foundation, to the research units, that use them exclusively for their institutional purposes. The Executive Committee (or the delegated party/parties referred to in Section 2) assigns the use of the immovable properties and arranges for the use of the movable properties, owned or used by the Foundation, to the administrative offices.

Any other activities and any changes concerning the use of the premises, including by subdivision, must be pre-approved by the parties referred to in the preceding paragraph, for the areas under their responsibility.

All goods purchased by the Foundation, including with funds acquired independently by researchers and by research units, are the property of the Foundation.

5. Banking and financial services

The management of the Foundation's finances and banking services shall be entrusted, on the basis of specific agreements approved by the Executive Committee (or the delegated party/parties referred to in Section 2, upon communication to the Executive Committee) to one or more banking institutions, registered in accordance with Article 13 of the Legislative Decree No. 385 of 1 September 1993, selected on a competitive basis, and with appropriate procedures to ensure publicity and transparency. Current accounts can be activated for supporting the operation of individual Foundation entities.

Arrangements for mortgages or loans must be authorized by the Executive Committee.

The Foundation may rely on the use of postal current accounts.

The management of assets or parts thereof, with the exception of the Foundation's initial assets referred to in Article 4, Paragraph 8, of the decree-law establishing the IIT, may be entrusted to qualified intermediaries, pursuant to Legislative Decree No. 58 of 24 February 1998, on the basis of selection criteria focused on the exclusive interest of the Foundation and selected by the Executive Committee.

Part III – Accounting

6. Principles

The administrative and accounting activities of the Foundation are carried out by centers of responsibility that operate according to the principles of autonomy and responsibility. The individual centers and their management are identified by the Executive Committee, in accordance with the strategic plan referred to in Paragraph 5.1 of the General Operating Regulations.

Budgets and financial statements represent the tools used for the administrative and accounting management of the Foundation.

Accounting management is based on the principles of unity, universality and annuality of the budget and continuity of management.

The accounting year has an annual duration and coincides with the calendar year.

Off-balance sheet activities are excluded.

The Foundation shall provide to the management of commercial activities eventually carried out on behalf of public and private entities, on the basis of specific agreements, in compliance with the relevant rules established by Chapter III of the Income Tax Code, through the establishment of separate accounts prepared according to the same principles presiding over the main accounts, in compliance with applicable tax regulations in force and subject to the provisions set out in these guidelines, and for the purposes of determining taxable income and VAT payable.

7. Structure, policies and budget objectives

The budget constitutes the annual research planning tool. The budget is prepared on the basis of revenue, expense and cash flow forecasts and describes the objectives of the Foundation's future economic, asset and financial standing. It also describes the underlying forecasting assumptions and provides all relevant information pertaining to operational management activities, required for the interpretation of the budget.

In particular, the budget describes analytically the material and financial resources allocated to research activities in accordance with Paragraph 18.2 of the General Operating Regulations; it identifies the specific areas on which the research activities will focus during the year, indicating their costs and financing arrangements; it contains an expenditure estimate for the functioning of the bodies and all operating structures referred to in Paragraph 1 and following of the General Operating Regulations; it describes the asset management initiatives and the investments made by the Foundation, with an indication of the corresponding risk profile and the expected profitability of each initiative.

The budget is drawn up in accordance with the strategic plan.

The budget shall be structured in such a way as to facilitate a straightforward verification against the financial statements for the corresponding financial year and can be articulated in three separate documents which describe, respectively, the economic management, the asset and investment management and the financial management.

8. Creation and approval of the budget

Reports prepared by the research units managers referred to in Paragraph 18.2 of the General Operating Regulations shall be submitted by October 15 of each year to the Scientific Director, who shall forward them to the Executive Committee or to the delegated party/parties referred to in Section 2. In the reports in question, the research units managers, in addition to presenting the activities carried out by the particular unit, the results and growth forecasts, shall formulate requests for funding for activities planned for the subsequent financial year.

By November 30 the Executive Committee or the delegated party/parties referred to in Section 2, shall prepare the budget for the next financial year, including the section concerning the management of Foundation assets. If the budget is prepared by the delegated party/parties referred to in Section 2, the party/parties in question shall transmit it, within the above-mentioned period, together with the reports prepared by the Research Units managers, to the Executive Committee.

The budget approved by the Executive Committee shall be forwarded to the Chairman of the Board by December 31 of each year.

9. Management control

The Foundation carries out management control activities with the mandate of periodic verification of the progress of expenditure and investments. Activities related to management control can be delegated by the Executive Committee to one or more members of the same Committee and/or to the General Manager, if necessary, who shall report periodically to the Committee. In order to ensure the effectiveness of the management control activities, the party in question will have access to all relevant Foundation documentation. The management control function periodically carries out the comparative analysis of costs and returns, with respect to organizations of a similar nature.

10. Financial statements

The financial statements of the Foundation shall be prepared in accordance with Articles 2423 and following of the Civil Code, insofar as compatible. The financial statements shall be written in long form, not relying on the assumptions of Article 2435-bis concerning the preparation of the same in abbreviated form. The financial statements shall be accompanied by a management report.

The financial statements shall be drawn up in accordance with the principles of clarity and transparency and shall provide a correct and comprehensive view of the Foundation's economic and financial situation achieved while carrying out its activities. The financial statements also provide an account of the forms of investments implemented.

The financial statements of the Foundation are audited on a voluntary basis by an auditing firm selected in the manner set out in the General Operating Regulations.

Part IV – Controls

11. Principles

The Executive Committee, exercises control over the administration of the offices and of the research units, including through the comparative analysis of costs and returns, with reference to the correct use of resources, to cost management and to the efficiency of purchases. For this activity, the Foundation relies on management control practices.

12. Board of Statutory Auditors controls

The members of the Board of Statutory Auditors have right of access to records and documents maintained by the Foundation. In order to perform its statutory auditing duties, the Board of Auditors can carry out cash audits. If management irregularities are identified, the Board shall report them to the Chairman and to the Board.

The annual Audit Report shall be sent to the Board of Directors and to the Executive Committee before May 31 or 1 week before the Board convenes to approve the financial statements.