

**REGULATION FOR THE INCORPORATION AND THE
ACKNOWLEDGEMENT OF SPIN-OFFS AND START-UPS OF SISSA**

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**ARTICLE 1
GENERAL PRINCIPLES**

The International School for Advanced Studies - SISSA, for implementation of the current regulations and particularly of the Ministerial Decree 168 dated 10th August 2011, in compliance with the general principles of its Statues, and for promoting and organising research, even applied research, favours the patenting of the research results of the School and their economic exploitation.

Within such framework, SISSA welcomes the initiatives of its structures and personnel to the incorporation of joint-stock companies and limited liability companies aimed at business exploitation, in innovative frameworks, of the research results and the development of new products and services.

The business scope shall be the manufacture of products, processes or services which are innovative or of high technological content, designed and developed with the decisive contribution of SISSA's research resources.

Within this Regulation, the term "Spin-off" refers to all business initiatives in which SISSA participates as a partner, with the purpose of exploiting the results of research and developing of new products and services deriving from the research activities of the School, while the term "Start-up" refers to all business initiatives in which SISSA does not participate as a partner, with the purpose of exploiting the results of research and developing of new products and services.

SISSA may make a series of services available to the Spin-off/Start-up, to facilitate its start-up and initial development. Such decisions fall under the competence of the Technology Transfer Committee of the School as defined in Article 3 below.

**ARTICLE 2
PROPOSING MEMBERS AND OTHER PARTICIPANTS**

The incorporation or the acknowledgment of a Spin-off/Start-up of SISSA may be proposed at the initiative of SISSA, or by persons who are within the following categories:

- 1) University professors and researchers of the School;
- 2) Technical and administrative personnel of SISSA;
- 3) PhD students, research fellows, recipients of scholarship and holders of contracts of any kind involved in research projects of the School, as well as former students and personnel who collaborated to the research projects of the School and contributed to the creation of the results of the research subject of the exploitation.

The proposing parties shall contribute to the capital of the spin-off or start-up company. Shareholding in the company by university personnel as envisaged in art.2, para.1, letter e), point 1) of Leg. Decree 297/1999, i.e. university professors and researchers, PhD students and holders of research fellowship may be, in accordance with art.2 of Ministerial Decree 168/2011, both in terms of shares in company capital, and in terms of direct involvement in performing company business, offering this new legal entity their know-how and competencies generated within the context of research.

In addition to the proposing members, other natural and/or legal persons, businesses, entities and/or individuals, both Italian and foreign, and both public and private, may contribute to the capital of the Spin-off/Start-up.

ARTICLE 3

TECHNOLOGY TRANSFER COMMITTEE

The Technology Transfer Committee of SISSA shall be created by a Directorial Decree.

The duties of the Committee include the evaluation of proposals for new initiatives and the possibilities of development of Spin-offs/Start-ups. To this purpose, the Committee may be supplemented by qualified experts. The Committee shall also supervise to ensure correct application of the standards envisaged in this Regulation and submit to the competent Bodies of the School any initiatives and suitable measures designed to resolve possible disputes and situations of conflicts of interest between SISSA and the Spin-offs/Start-ups, as referred to in Article 7 below, including proposals for revocation of authorisations previously granted and the termination of covenants and agreements or relationships of any type with the above-written companies.

ARTICLE 4
PROCEDURE FOR THE INCORPORATION OR ACKNOWLEDGMENT
OF SPIN-OFFS AND START-UPS

In order to set up or acknowledge a spin-off or start-up company of SISSA, the proposing party must draw up and send to the Committee defined in Article 3 a business plan, stating as follows;

- a) objectives;
- b) the financial plan;
- c) the economic prospects and reference market;
- d) the innovative nature of the plan;
- e) the technological and scientific qualities of the plan;
- f) a description of the roles and tasks of professors, researchers and administration/technical personnel of SISSA involved, with a forecast of the commitment required of each role as part of the spin-off or start-up business, to enable the Board of Directors to evaluate compatibility with the specific regulations drawn up by SISSA in accordance with paragraph 9, of article 6 of the Law no. 240 of 30th December, 2010;
- g) any methods of shareholding in the capital and the definition of the required share;
- h) aspects related to governance of intellectual property, made compatible with relevant regulations envisaged by SISSA;
- i) in the case of spin off companies, the commitment of the proposing parties to sign a para-company agreement with the contents as stated in article 5 below;
- j) a proposal of the statues of the company which is supposed to be set up or the statues of the company for which acknowledgement is required.

Further documentation may be requested by the Technology Transfer Committee of the School as defined in Article 3 above.

For the purpose of evaluating the proposal, the above-written Committee shall ask the competent scientific Area of the School to express its opinion on the following:

- full compatibility of the proposed activity with the institutional activities of the facility, and, in particular, the absence of any conflict of interest between the product or service which is the objective of the Spin-off/Start-up and the activity of the School concerning education, research and consultation;

- their interest in supporting the Spin-off/Start-up, indicating any willingness to make available space, equipment, the services required, and any reimbursement they may require for the provision of such support, determined analytically or as a lump sum.

The use of spaces and services by the spin-off and start-up companies within the structures of the School may be granted for special reasons of convenience or opportunity, and must be approved by the Board of Directors with the approval of the Technology Transfer Committee, after obtaining approval of the Board of the reference scientific Area.

For each proposal, the above-written Committee proceeds to:

- draw up a preliminary report containing the overall evaluation of the worthiness of the elements that make up the proposal, and the indications given by the facilities concerned;
- evaluate the terms and conditions for covenants and agreements between SISSA and the Spin-off/Start-up to be incorporated, in compliance with the principles laid down in Article 5.

The report, possibly together with a proposed covenant or agreement, shall be sent to the Board of Directors and the Academic Senate of the School for the conclusion of the process.

The Academic Senate and the Board of Directors of the School, upon the opinion of the Technology Transfer Committee, will then authorise, each within their respective powers, the incorporation or the acknowledgement of the Spin-off/Start-up.

Those proposing the initiative may not participate in decisions related to the set-up of the spin-off or start-up companies.

Should resolution be in favour of incorporation, the Board of Directors will make the following decisions:

- approval of the proposal for covenant or agreement referred to in the previous point; the proposal should indicate any spaces, equipment and services which the host facilities shall make available to the Spin-off or Start-up for the development of its activities and related time of use;
- resolution on the contribution of SISSA to the capital of the Spin-off and determination of the extent of such contribution;
- may grant to the approved initiative the use of the logo of SISSA, according to the provisions of Article 10 below, including a clause providing that authorisation to use

such logo is subject to revocation at the indisputable discretion of SISSA.

Where provided, the Board of Directors of SISSA, after consulting the Academic Senate, shall identify the members of the Board of Directors of the Spin-off to be nominated by the School.

ARTICLE 5

CONTRIBUTION OF SISSA

The participation of SISSA in the Spin-off, which may also derive from single contributions of assets in kind, shall be decided upon by the Board of Directors of the School and shall not be greater than 10% of the Spin-off's capital, unless different and justified resolution by the Board.

Such contribution can be reduced only following a decision of the School, and shall provide the School with adequate guarantees in the event of transfer of participation shares, and shall ensure the presence of School's representatives in any corporate bodies of the Spin-off. The incorporation deed of the Spin-off shall include rules for protecting the School in the event of transfer of participation shares and capital increase, whatever may be the reason.

For this purpose, the Articles of Incorporation of the Spin-off, among other provisions, shall provide for the following:

- a) in the event of transfer of participation shares for any reason, the Spin-off members, including SISSA, shall be entitled to exert pre-emption right in proportion to their contribution to the Spin-off capital;
- b) the contribution of SISSA to the Spin-off, although it entitles the School with the right to vote in both ordinary and extra-ordinary meetings, shall be postponed to participation of losses, with respect to all other forms of participation, in such way that losses affect the shares allocated to SISSA, only after the nominal value of all other shares has been cleared;
- c) in the event that the Spin-off is managed by a Board of Directors comprised of at least three members, offices shall be appointed in such a way to ensure SISSA the possibility to nominate at least one member of the Board of Directors and an Auditor, if a Board of Auditors exists in the Spin-off.

SISSA can contribute the Spin-off's capital as long as limitation of the School's liability is guaranteed by law or based on a valid ancillary corporate agreement.

The members of the Spin-off shall therefore sign suitable ancillary corporate agreements with the School, having duration of no longer than five years, in compliance to the provisions of Article 2341-bis of the Italian Civil Code; such ancillary corporate agreements shall include the following provisions:

1) the category of stakes or preference shares, postponed to all the other stakes or shares in the event of reduction in capital due to loss, which will be reserved to SISSA;

2) remuneration for the activity carried out, for any reason, by a Spin-off member in favour of the Spin-off itself shall not in any case exceed the remuneration usually applied in the market to similar situations, nor shall constitute a means for awarding the Spin-off member any advantage, either direct or indirect, arising from the control over the Spin-off, or a means for discrimination or prejudice against other Spin-off members;

3) the members shall not be entitled to resolve any reduction, except when required for covering losses, or increase in the Spin-off's capital, nor amendments to statutory provisions to protect SISSA's participation in the capital without the prior consent of the School;

4) the members agree that in the event of transfer of the majority (either absolute or relative) of the corporate capital, SISSA shall be guaranteed the power to sell its share under the same terms and conditions applied to the Spin-off members that transfer the majority of the corporate capital;

5) the Spin-off undertakes not to carry out activities that may compete with the consultation and research activities carried out by the School for third parties; the Spin-off also undertakes to protect the good name and the interests of the School;

6) the option for SISSA to withdraw due to supervening demands of academic policy, with special reference to the research paths; the withdrawal process must be in compliance with the procedures and criteria stated in art. 2473 of the Italian civil code;

7) a put option of SISSA's share in the Spin-off's capital towards the signatories of the ancillary corporate agreements; SISSA can make use of the put option upon expiry of the ancillary corporate agreements, at a price equal to the market price as of the date when the put option is used, and anyway no lower than the nominal value of the capital share. The market value, if not agreed upon between the parties, shall be determined by an independent expert belonging to an auditing firm enrolled in the

CONSOB registry and appointed by the parties or, in case of disagreement, appointed by the Presiding Judge of the Court of Trieste.

ARTICLE 6

CONTRIBUTION OF PERSONNEL IN THE ACTIVITIES OF THE SPIN-OFF AND START-UP AND REGULATION OF INCOMPATIBILITY

The participation of the proposing members in the activities of the Spin-off is a guarantee to SISSA for the success of the initiative, the achievement of the fixed objectives, and for the protection of the School's participation in the Spin-off. Therefore, the personnel (as indicated in Article 2) that proposed the activation of a Spin-off shall contribute to Spin-off's capital.

The full-time academic personnel and/or researchers that intend to perform remunerated activities in favour of the Spin-off or Start-up must obtain the authorisation granted by the Academic Senate with the right of maintaining their post. The part-time academic personnel and/or researchers do not require authorisation for performing remunerated services for the spin-off or start-up company, but should however duly notify the School of these circumstances.

The academic personnel and/or researchers, both full-time and part-time, may be appointed as member of the company Board of Directors and take on the office of Managing Director and/or Chairman in accordance with and within the limits of that envisaged in article 6, paragraph 9, of Law 240/2010 and by Ministerial Decree 168/2011.

However, the performance of remunerated services or the appointment of the aforementioned roles must not in any way conflict with the regular and diligent fulfilment of the roles in educational, research and institutional activities related to the employment agreement with SISSA.

In the event that participation in activities of the company at any time becomes incompatible with the educational or research tasks required, the professor or researcher, shareholder or non-shareholder, must immediately notify the School and cease any activities performed with the company.

The professor and/or researcher employed full-time and not a shareholder, on appointment, may participate in the governing bodies of the company as representative of SISSA.

The full-time academic personnel and/or researchers who have obtained the authorization envisaged in this article, and the part-time academic personnel and/or researchers can perform remunerated services in favour of the company, provided that they are not employed by the company, on the condition that the performance of such services does not conflict with the regular and diligent fulfilment of their educational and research roles.

The Coordinator of the scientific Area to which the academic personnel and/or researcher member of the Spin-off belongs, shall ensure that everything is made in compliance with the provisions of this Article. In the event that incompatibility arises, upon the simple request of the School, the full-time academic personnel and/or researcher member of the Spin-off shall immediately terminate their activities in favour of the Spin-off or Start-up, while maintaining the right to keep their participation in it, unless they ask to be placed on unpaid leave, pursuant to Legislative Decree 27.07.1999 no. 297 and subsequent amendments and additions.

The full-time academic personnel and/or researcher who, subsequent to the incorporation of the Spin-off, intends to participate in the business by carrying out gainful employment in favour of the Spin-off or Start-up shall ask the competent bodies for authorisation according to the procedures laid down in this Article.

The members of the Board of Directors, professors and researchers members of the Academic Committees for research, research enrichment and technology transfer, the Director, members of the Academic Senate, Area Coordinators, Managers of independently run centres, and members of the Evaluation Committee may not take on managerial or administrative roles in spin-off or start-up companies. The above applies notwithstanding the hypothesis that the Area Coordinator or Manager of an independently run centre is appointed by SISSA as a member of the Board of Directors of a spin off or start-up company in which he/she is not a shareholder or proposing party.

Regarding the academic personnel and/or researcher of the School, temporary secondment at the Spin-off may be requested based on the provisions of Article 15 of the Ministerial Decree 8th August 2000 no. 593 and subsequent amendments and additions.

The technical and administrative personnel can carry out unpaid or paid activities in favour of the Spin-off/Start-up, provided that such activities are only occasional and are performed outside of the personnel's working hours and with prior authorisation

from the General Secretary, after consultation with the Manager of the facility about the compatibility of carrying out activities in favour of the Spin-off with institutional functions of the personnel involved.

The technical and administrative personnel can also be appointed member of the Board of Directors of the Spin-off upon designation by SISSA, provided that this is compatible with the exact and punctual performance by the personnel of their tasks in favour of the School, and this is verified, on a one-year basis, by the Responsible of the Office to which the personnel concerned belong.

The owners of research grants, PhD studentships or other grants and temporary contracts of any kind are required to request in advance, at least 10 days before the date envisaged for the said activity, authorisation from the SISSA management for any employment outside the School itself, specifying the sum in the time envisaged to perform the aforementioned external activities with respect to the institution requirements.

The persons referred to in Article 3, including those authorised pursuant to this Article, can carry out paid or unpaid activities in favour of the Spin-off or Start-up, provided that said activity does not conflict with the regular and diligent performance of their teaching and research activities, after consulting the scientific advisor and receiving authorisation from the Area Board.

In any case, the person authorised to operate in the Spin-off/Start-up pursuant to this Regulation shall respect in full the obligations of fairness and confidentiality to the School and its activities.

The full-time academic personnel and/or researchers and the technical and administrative personnel who participate in any way to the Spin-off or Start-up shall communicate to SISSA, at the end of each financial year, the dividends, payments, remunerations and benefits of any kind that they received from the company.

The competent Area Board shall appoint a co-supervisor for the PhD student who carries out research activities within the Spin-off/Start-up, as well as in the event that the professor being PhD student's supervisor is also a member of the Spin-off/Start-up. The co-tutor will ensure the Academic PhD Staff Board and the Board of the Area assigned to the postgraduate student that the work of the latter within the spin-off/start-up company is fully in line with the educational regulations of SISSA.

ARTICLE 7
MANAGEMENT OF POSSIBLE CONFLICTS OF INTEREST

It is expressly forbidden for academic staff or researchers participating in companies with the characteristics of university spin-off or start-up companies to perform activities in competition with those of SISSA. The above personnel are obliged to promptly notify the School of any effective or potential conflicts of interest, which may subsequently arise during activities performed on behalf of the company concerned.

The personnel who participate to the Spin-off or Start-up shall in any case respect the obligations of loyalty, fairness and confidentiality towards the School.

The personnel who participate in a company, whatever their position in it, cannot exercise the right to vote on the resolutions of the SISSA's bodies which entail a conflict of interest between them (personally or as representatives or third parties) and the School or the individual Area. Upon failure to comply with this prohibition, the resolution concerned will be null if those who would have to abstain from voting, contributed to reach the necessary majority.

The employment agreement with SISSA must not constitute a means to attribute direct or indirect benefits to the shareholder, when using means of discrimination or prejudice with regard to other shareholders.

The Spin-off shall guarantee priority to SISSA over other public or private entities, when assigning research activities which the Spin-off is not able, in full or in part, to carry out autonomously.

In the assessment of possible situations of conflict of interest, the Technology Transfer Committee may seek the opinion of the Ethical Committee of the School.

ARTICLE 8
SUPERVISION

The task of supervision to ensure application of this Regulation and current legislation related to incompatibility and conflicts of interest is assigned to the Technology Transfer Committee.

The Committee, on ascertaining any breach to the above regulations, shall notify the competent academic bodies with the names of the personnel involved and causes of

the breach, for the competent measures. To enable correct and appropriate supervision, the spin-off and start-up companies must undertake to deliver all accounting or administration documents requested by SISSA.

ARTICLE 9

INTELLECTUAL PROPERTY

Unless otherwise agreed between the parties, intellectual property of the research results obtained by the Spin-off or Start-up company subsequent to its incorporation, belong to the company itself.

This provision does not apply when the results of the research: a) have been fully or partially obtained prior to the set-up of the spin-off or start-up company; b) have been attained as part of a partnership with structures of SISSA. The results discussed in the above points a) and b) attained from inventories of the School are subject to the provisions envisaged by current legislation and the “Regulation on the Intellectual Property of the International School for Advanced Studies of Trieste”.

ARTICLE 10

AUTHORISATION FOR USE OF THE LOGO

Free use of the SISSA logo may be granted to the Spin-offs of the School based on a specific licensing agreement. The licensing agreement, among other things, shall provide for the Spin-off to guarantee the School and hold it harmless from any liability deriving from use of the logo, as well as terms and conditions for early termination or revocation of the authorisation of use.

Any actions and conduct which may be detrimental to the name and image of SISSA shall be avoided; in the event of research producing results, the School’s contribution to their achievement shall be recognised also in terms of return on name and image directly due or connected to the personnel involved.

Should SISSA withdraw from the Spin-off, the latter shall immediately stop any use of the logo, unless specifically agreed.

ARTICLE 11
PRE-EXISTING SPIN-OFFS

The Spin-offs already in existence upon entry into force of this regulation and to which SISSA is a participant, are recognised as Spin-offs of SISSA and are subject to to the provisions of this regulation from the moment it enters into force.

ARTICLE 12
ENTRY INTO FORCE

This regulation shall enter into force the day after the issuance of the Directorial Decree, following approval from the Board of Directors.