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1. Legislative Decree No. 231/2001: the administrative responsibility regime for legal entities, companies and associations

To enforce the delegated law as per Article 11 of Italian Law No. 300 of 29 September 2000, Legislative Decree No. 231 (hereunder the “Decree”) was passed on 8 June 2001, which became effective on 4 July 2001.

The Decree aims at bringing in line Italian regulations in the area of legal entities responsibility with some international agreements Italy has already signed, such as the Brussels Convention of 26 July 1995, on the protection of European Community (hereunder “EC”) financial interests, the Convention signed in Brussels on 26 May 1997, on the fight against corruption, which has seen several officers of the EC or the member states involved, the OECD Convention of 17 December 1997, on the fight against corruption of foreign public officers in economic and international operations.

This Decree, entitled “Disciplina della responsabilità amministrativa delle persone giuridiche, delle società e delle associazioni anche prive di personalità giuridica” (Discipline of the administrative responsibility of legal entities, companies and associations, also those not having a legal personality) introduced a regime of administrative responsibility into the Italian law (broadly regarding criminal responsibility) for Italian companies for certain offences committed, in their interest or to their own advantage in Italy or abroad: (i) by individual persons having a representative, financial or managerial position within the bodies or within a business unit linked to them, albeit independent from a financial and functional viewpoint, as well as by individual persons who, also de facto, manage and control the bodies; and (ii) by individual persons subject to the management or supervision by one of the subjects mentioned above. This responsibility is added to that of the individual person who has materially committed the offence.

The broadening of responsibility aims at punishing, as regards certain criminal offences, also those bodies that benefit from the offence. The Decree also penalises the assets of entities that have benefited from the commission of a criminal act.

The application of monetary sanctions is envisaged for all offences foreseen by the Decree, while in the more serious cases, interdictory measures may also be applied. The most serious of the fines provided for in the Decree include various types of disqualification such as the suspension or withdrawal of licences and permissions, the prohibition from signing agreements with Italian or foreign Public Administrations, the debarment from performing certain activities, the barring from or withdrawal of financing and contributions, and the prohibition from advertising goods and services.

The responsibility provided for by the above-mentioned Decree also relates to criminal offences committed outside Italy if the foreign country where the offence was committed does not take steps against them.

By introducing the above-mentioned administrative responsibility regime, Art. 6 of the Decree, however, makes provision for a specific form of exemption from said responsibility if the company proves that:



- a) prior to the offence(s) being committed, the Board of Directors of the company had approved and effectively implemented a Compliance Programme in conformity with Legislative Decree No. 231/2001 (“Modello di Organizzazione e Gestione ai sensi del D.Lgs. 231/2001”), which was suitable for preventing offences of the same type as that/those perpetrated;
- b) the task of supervising operations and ascertaining that the Compliance Programme is complied with, as well as taking care of its updating, is entrusted to a Compliance Officer or Compliance Officers Committee (“Organismo di Vigilanza”) of the company having independent powers of initiative and control;
- c) the person(s) who committed the offence acted by fraudulently circumventing the above-mentioned Compliance Programme;
- d) the Officer(s) indicated under b) above, performed its supervisory task and did so in an adequate manner.

Furthermore, the Decree makes provision that, with regard to the extension of the delegated powers and the risk of committing the offence(s), the Compliance Programme, as per a) above, shall meet the following requirements:

- 1) identify the activities wherein it is possible that the offence(s) dealt with by the Decree are committed;
- 2) make provision for specific protocols aimed at planning decision making and related implementation by the company regarding the offences to be prevented;
- 3) identify management procedures of financial resources suitable for stopping such offences from being committed;
- 4) make provision for information obligations for the committee delegated to supervise operations and the conformity to the rules of the Compliance Programme;
- 5) integrate and implement a formal whistleblower policy and whistleblowing procedure, with specific qualified requirements concerning i) the whistleblowing channel (more than one able to protect whistleblowers’ identity, of which at least one has to be computerized), ii) the prohibition of acts of discrimination or retaliation against whistleblowers, iii) disciplinary measures for those who retaliate against a whistleblower and for the whistleblowers who intentionally or with gross negligence file false or unsubstantiated reports of violations, iv) the assurance to maintain the confidentiality of whistleblower’s identity to the extent permitted by Italian law and complete compliance with Italian and European privacy law (the General Data Protection Regulation – GDPR – entry into force in Europe on May 25, 2018);
- 6) introduce an internal disciplinary system to punish non-compliance with the rules of the Compliance Programme, comprising the above mentioned whistleblower policy.



The following types of offences are currently covered by the Decree:

- a) offences committed in relation to (or against) Public or Government Agencies;
- b) computer fraud crimes;
- c) offences connected with Organised Crime;
- d) offences involving the counterfeiting of money, securities and revenue stamps;
- e) crimes against industry and commerce;
- f) certain white collar crimes and corruption between private parties;
- g) terrorist offences or subversion of the democratic order;
- h) offences against the person;
- i) crimes of market abuse or abuse of inside information (“Insider Trading”) and market manipulation (“Market Rigging”);
- j) transnational crimes;
- k) negligent homicide and serious or very serious negligent personal injuries committed through violation of accident prevention and health and safety protection Laws;
- l) money laundering crimes (use of money, goods or utilities of illicit origin);
- m) crimes regarding breach of copyrights;
- n) inducements not to make statements or to make false statements to the courts;
- o) environmental crimes;
- p) hiring of non-EC citizens with irregular permit of stay;
- q) offences of racism and xenophobia;
- r) fraud in sports competition, illegal gambling or betting and gambling using illegal devices.

1.1 Offences against Public or Government Agencies

Provided for by Arts. 24 and 25 of Legislative Decree No. 231/2001, the principal offences are:

- Embezzlement against the State, other public bodies or the European Union (Art. 316 bis of the Italian Penal Code, hereunder “I.P.C.”)
- Undue cashing in contributions, financing or other financial disbursement from the State, other public bodies or the European Union (Art. 316 ter I.P.C.)



- Extortion (Art. 317 I.P.C.)
- Corruption for official acts or in acts against official duties (Arts. 318, 319, 319 bis and 320 I.P.C.)
- Corruption in judicial acts (Art. 319 ter I.P.C.)
- Improper provision or promise of benefits (Art. 319 quarter I.P.C.)
- Inducement to corruption (Art. 322 I.P.C.)
- Peculation, Extortion, Corruption and Inducement to corruption of members of the organs of the European Communities and foreign officials of the European Communities and States (Art. 322 bis I.P.C.)
- Fraud against the State, other public bodies or the European Union (Art. 640, clause II, No.1 I.P.C.)
- Serious fraud to receive public funds (Art. 640 bis I.P.C.)
- Computer fraud against the State, other public bodies or the European Union (Art. 640 ter I.P.C.), and other crimes related to the interception of public computer communications

1.2 Computer fraud crimes

Provided for by Art. 24 bis of Legislative Decree No. 231/2001, the principal offences are:

- Alteration or emission of false computer records/documents (Art. 491 bis I.P.C.)
- Illegal use and/or diffusion of password/pin, access key code and illegal instruments used to damage computer communications (Art. 615 ter, quater, quinqués I.P.C.)
- Crimes related to the interception of computer communications (Art. 617 quater, quinqués I.P.C.)
- Damages of computer system or computer data, information and programs (Art. 635 bis, ter, quater, quinqués I.P.C.)
- Computer fraud in digital signature certification (Art. 640 quinqués I.P.C.)

1.3 Offences connected with Organised Crime

- Provided for by Art. 24 ter of Legislative Decree No. 231/2001, the principal offences are:
- Criminal associations (Art. 416 I.P.C.)
- Conspiracy with the Mafia (Art. 416 bis I.P.C.)



- Political – Mafia electoral collusion (Art. 416 ter I.C.P.)
- Restraint of an individual in order to kidnap them or for extortion (Art. 630 I.C.P.)
- Association aimed at the illegal trafficking of narcotic or psychotropic substances (Art. 74 Presidential Decree 9 October 1990, No. 309)
- Offences committed as per Art. 416 bis I.C.P. to facilitate criminal associations as per the before-mentioned article (Law No. 203/1991)
- Offences connected with the fabrication, introduction into the State, putting on sale, disposal, detention and carrying in a public place or a place open to the public of combat arms or similar or part of such weapons, explosives, clandestine arms or common arms that are not included in the provisions of Art. 2, paragraph 3 of Law No. 110 of 18 April 1975 (Art. 407, par. 2, lett. a, No.5 I.C.P.)

1.4 Offences involving the counterfeiting of money, securities and revenue stamps

Provided for by Art. 25 bis of Legislative Decree No. 231/2001, the principal offences are:

- Counterfeiting of money, spending and introduction on the national territory of counterfeit money by means of conspiracy (Art. 453 I.P.C.)
- Alteration of money (Art. 454 I.P.C.)
- Spending and introduction on the national territory of counterfeit money without conspiracy (Art. 455 I.P.C.)
- Spending of counterfeit money received in good faith (Art. 457 I.P.C.)
- Counterfeiting of revenue stamps, introduction on the national territory, acquisition, possession or putting in circulation of counterfeit revenue stamps (Art. 459 I.P.C.)
- Counterfeiting of watermarked paper used to fabricate banknotes, securities or revenue stamps (Art. 460 I.P.C.)
- Fabrication or possession of watermarks or tools for counterfeiting money, revenue stamps or watermarked paper (Art. 461 I.P.C.)
- Use of counterfeit or altered duty stamps (Art. 464 I.P.C.)
- Counterfeiting, altering or use of distinguishing marks or signs for patents, models and designs (Art. 473 I.P.C.)
- Introduction of products with false signs into the Country and commerce (Art. 474 I.C.P.)



1.5 Crimes against industry and commerce

Provided for by Art. 25 bis of Legislative Decree No. 231/2001, the principal offences are:

- Obstructing industry and trade (Art. 513 I.P.C.)
- Illegal competition with threats or violence (Art. 513 bis I.P.C.)
- Fraud against the national industries (Art. 514 I.P.C.)
- Fraud in trade (Art. 515 I.P.C.)
- Sale of not genuine as well as genuine food substances (Art. 516 I.P.C.)
- Sale of industrial products with misleading signs (Art. 517 I.P.C.)
- Manufacture of and trade in goods made by usurping industrial property rights (Art. 517 ter I.P.C.)
- Counterfeiting of geographical indications or designations of origin of farm produce (Art. 517 quater I.P.C.)

1.6 Certain White Collar crimes and corruption between private parties

Provided for by Art. 25 ter of Legislative Decree No. 231/2001, the principal offences are:

- False company reports/communications (Art. 2621 and 2621 bis of the Italian Civil Code, hereunder "I.C.C.")
- False company reports/communications to the damage of listed company (Art. 2622 I.C.C.)
- Hindered control (Art. 2625 I.C.C.)
- Undue repayment of contributions (Art. 2626 I.C.C.)
- Illegal distribution of profits and reserves (Art. 2627 I.C.C.)
- Illegal operations on stock or company shares or by the parent company (Art. 2628 I.C.C.)
- Operations prejudicial to creditors (Art. 2629 I.C.C.)
- Failure to notify a conflict of interest (Art. 2629 bis I.C.C.)
- Simulated capital formation (Art. 2632 I.C.C.)
- Undue apportionment of corporate assets by receivers/liquidators (Art. 2633 I.C.C.)



- Corruption between private parties (Art. 2635 I.C.C.)
- Inducement to corruption between private parties (Art. 2635 bis I.C.C.)
- Illegal influence on shareholders' meeting (Art. 2636 I.C.C.)
- Agiotage (stock manipulation and market rigging) (Art. 2637 I.C.C.)
- Hindering public supervisory authority in exercising their functions (Art. 2638 I.C.C.)

In the case of White Collar crimes, if the entity is liable, it will be subject solely to the monetary penalties specifically envisaged in Legislative Decree No. 231/2001, thus excluding application of disqualifications and injunctions envisaged for other types of offences.

1.7 Terrorist offences or subversion of the democratic order

Provided for by Art. 25 quater of Legislative Decree No. 231/2001, the principal offences are:

- Subversive actions (Art. 270 I.P.C.)
- Associations promoting terrorism, also international, or subversion of the democratic order (Art. 270 bis I.P.C.)
- Support of terrorist or subversive associations (Art. 270 ter I.P.C.)
- Recruitment for the purposes of terrorism, also of an international nature (Art. 270 quater I.P.C.)
- Training for terrorist activity, including international nature (Art. 270 quinquies I.P.C.)
- Conduct with the objective of terrorism (Art. 270 sexies I.P.C.)
- Attacks for terrorist or subversive purposes (Art. 280 I.P.C.)
- Terrorism attacks with lethal explosive devices or explosives (Art. 280 bis I.P.C.)
- Kidnapping for the purpose of terrorism or for subverting the democratic order (Art. 289 bis I.P.C.)
- Inducement to commit crimes against the State (Art. 302 I.P.C.)
- Political conspiracy through agreements and associations (Arts. 304 and 305 I.P.C.)
- Formation of, and participation in, an armed organisation, and support to conspirators or members of an armed organisation (Arts. 306, 307 I.P.C.)
- Terrorist offences as provided by special Laws No. 15 of 6 February 1980, No. 342 of 10 May 1976 and No. 422 of 28 December 1989, aimed at fighting terrorism



- Offences, different from the ones set forth in the Penal Code and in the special Laws, in violation of Art. 2 of the Convention of New York of 9 December 1999

1.8 Offences against the person

Provided for by Arts. 25 quarter-1 and 25 quinqués of Legislative Decree No. 231/2001, the principal offences are:

- Practice of mutilation of female genitalia (Art. 583 bis I.P.C.)
- Placing or holding a person in conditions of slavery or servitude (Art. 600 I.P.C.)
- Child prostitution (Art. 600 bis I.P.C.)
- Child pornography (Art. 600 ter I.P.C.)
- Possession of pornographic material (Art. 600 quater I.P.C.)
- Virtual pornography (Art. 600 quater1 I.P.C.)
- Tourism promoting child sexual exploitation (Art. 600 quinqués I.P.C.)
- Trafficking in human beings (Art. 601 I.P.C.)
- Sale and purchase of slaves (Art. 602 I.P.C.)
- Illicit brokering and labour exploitation (Art. 603 bis I.P.C.)
- Enticement of minors (Art. 609 undecies I.P.C.)

1.9 Crimes of market abuse or “insider trading” and “market rigging”

Provided for by Art. 25 sexies of Legislative Decree No. 231/2001, the principal offences are:

- Abuse of confidential information (insider trading) (Art. 184 Legislative Decree No. 58/1998, so-called “Consolidated Financial Act”)
- Market manipulation (market rigging) (Art. 185 Consolidated Financial Act)
- Administrative offence of abuse of confidential information (Art. 187 bis Consolidated Financial Act)
- Administrative offence of market manipulation (Art. 187 ter Consolidated Financial Act)

1.10 Transnational crimes

Provided for by Art. 10 of Law No. 146/2006, the principal offences are:

- Racketeering (Art. 416 I.P.C. and Art. 3 Law No. 146/2006)



- Mafia-type racketeering (Art. 416 bis I.P.C. and Art. 3 Law No. 146/2006)
- Inducement not to make statements or make false statements to judicial authorities (Art. 377 bis I.P.C. and Art. 3 Law No. 146/2006)
- Assisting an offender (Art. 378 I.P.C. and Art. 3 Law No. 146/2006)
- Racketeering for the purpose of smuggling foreign processed tobacco (Art. 291 quater of Presidential Decree No. 43/1973 and Art. 3 Law No. 146/2006)
- Racketeering for the purpose of trafficking in drugs or psychotropic substances (Art. 74 of Presidential Decree 309/1990 and Art. 3 Law No. 146/2006)
- Trafficking in migrants (Art. 12 par. 3, 3 bis, 3 ter, and 5 of Legislative Decree No. 286/1998 and Art. 3 Law No. 146/2006)

1.11 Negligent homicide and serious or very serious negligent personal injuries committed through violation of accident prevention and health and safety protection laws

Provided for by Art. 25 septies of Legislative Decree No. 231/2001, the principal offences are:

- Negligent homicide (Art. 589 I.P.C.)
- Serious or very serious negligent personal injuries (Art. 590, par. 3, and Art. 583 I.P.C.)

1.12 Money laundering crimes

Provided for by Art. 25 opties of Legislative Decree No. 231/2001, the principal offences are:

- Crime of receiving (Art. 648 I.P.C.)
- Money laundering (Art. 648 bis I.P.C.)
- Investment of money, goods or gains of illegal origin (Art. 648 ter I.P.C.)
- Self-money laundering (Art. 648 ter1 I.P.C.)

1.13 Crimes regarding breach of copyrights

Provided for by Art. 25 novies of Legislative Decree No. 231/2001, introducing that the violations of copyrights laws are punished by Art. 171, par. 1, letter a)bis and par. 3, and Arts. 171 bis, 171 ter, 171 septies and 171 octies of Law 633/1941.

1.14 Inducements not to make statements or to make false statements to the courts

Provided for by Art. 25 decies of Legislative Decree No. 231/2001, introducing the offence of Art. 377 bis of I.P.C. called: inductions for not making declarations or making false declaration to the courts or judicial authorities.



1.15 Environmental crimes

Provided for by Art. 25 undecies of Legislative Decree No. 231/2001, the principal offences are:

- Air, soil, subsurface and water pollution (Art. 137, 279 D.Lgs. 152/2006)
- Waste transport without the requested documents (Arts. 256, 258, 260 bis D.Lgs. 152/2006)
- Unlawful waste trade (Arts. 259, 260 D.Lgs. 152/2006)
- Organized activity for the unlawful waste trade (Art. 260 D.Lgs. 152/2006)
- Killing, destruction, capture, collection or possession of wild animals or plants which belong to “protected species” (Art. 727 bis I.P.C.)
- Habitat destruction (Art. 733 bis I.P.C.)
- Site reclaim (Art. 257 D.Lgs. 152/2006)
- Environmental pollution (Art. 452 bis I.P.C.)
- Environmental disaster (Art. 452 quater I.P.C.)
- Involuntary offences against the environment (Art. 452 quinquies I.P.C.)
- Traffic and abandonment of highly radioactive material (Art. 452 sexes I.P.C.)
- Criminal association with environmental aggravating factor (Art. 452 octies I.P.C.)

1.16 Hiring of non-EC citizens with irregular permit of stay

Provided for by Art. 25 duodecies of Legislative Decree No. 231/2001, introducing the offence of Art. 22 (par. 12 bis) and Art. 12 (par. 3, 3 bis, 3 ter and 5) of Legislative Decree No. 286/1998 concerning employment of citizens from foreign countries (non-EC) with irregular residency, their illicit transportation and entry or permanence into the territory of the State.

1.17 Offences of racism and xenophobia

Provided for by Art. 25 terdecies of Legislative Decree No. 231/2001, introducing the offence of Art. 3, par. 3 bis of the Law No. 654/1975 inherent the “Ratification and execution of the International Convention on the elimination of all forms of Racial Discrimination, opened for signature in New York on March 7, 1966”, concerning crimes connected with racism and xenophobia behaviors and/or acts.



1.18 Fraud in sports competition, illegal gambling or betting and gambling using illegal devices

Provided for by Art. 25 quaterdecies of Legislative Decree No. 231/2001, introducing the offences of Articles 1 and 4 of the Law No. 401/1989 fraud in sports competition, illegal gambling or betting and gambling using illegal devices.

2. Approval of the Compliance Programme by Paolo Corazzi Fibre S.r.l.

2.1 Objectives pursued by Paolo Corazzi Fibre S.r.l. in adopting the Compliance Programme

Paolo Corazzi Fibre S.r.l., being sensitive to the need to guarantee conditions of professionalism and transparency in conducting its business activities, in order to protect the company's and its subsidiaries' position and image, as well as the expectations of its shareholders and employees, deemed it necessary, in keeping with its own corporate policies, to implement the Compliance Programme, provided for by Legislative Decree 231/2001, throughout the Paolo Corazzi Group.

This initiative was undertaken in the firm belief that the adoption of the Compliance Programme would constitute a valid awareness-enhancement tool for all those operating in the name and on behalf of Paolo Corazzi Fibre S.r.l. and its subsidiaries, so that they would behave in a professional and transparent way while performing their duties, thus avoiding the risk of offences, as envisaged in the Decree, being committed.

The Compliance Programme, 1st issue and latest version, was adopted by the Board of Directors of Paolo Corazzi Fibre S.r.l. on 19 November 2019. The next versions will be eventually updated to reflect the evolving legislation and changings in company's organisation.

Furthermore, in order to implement the provisions contained in the Decree, the Board of Directors, upon passing the above-mentioned Compliance Programme, nominated the people with the task of taking on the function of internal control body (the so called "Organismo di Vigilanza" or "OdV", translated as "Compliance Officer" or "Compliance Officers Committee" or "CO"), and of ascertaining that the Compliance Programme works efficiently and effectively, and that it is complied with, and to supervise the updating of the same.

2.2 Purpose of the Compliance Programme

The Compliance Programme aims at building a structured and organic system for procedures and control activities to be carried out also pre-emptively (ex ante control), to prevent different types of offences envisaged by the Decree.

In particular, by identifying the "at-risk activity areas" and consequent procedure definition, the Compliance Programme aims at:

- creating, in all those who operate on behalf of Paolo Corazzi Fibre and its subsidiaries in "at-risk activity areas", the awareness as to the possibility to commit, should the



provisions contained therein be infringed, an offence that is liable to both economic and penal sanctions, not only for themselves but also for the company;

- confirming that such illegal behaviour is strongly condemned by Paolo Corazzi Fibre, in that (even if the companies appeared to benefit from them) it is, nevertheless, against not only the legal provisions but also the ethical and social principles the Group strictly adheres to in pursuing its corporate mission;
- allowing the company, through monitoring “at-risk activity areas”, to intervene in a timely manner to prevent or oppose the offence(s).

In addition to the aforementioned principles, the key points of the Compliance Programme are:

- ⇒ awareness-enhancement initiatives, propagating and making known the strict rules of behaviour and procedures set up at all company levels;
- ⇒ map of the company's “at-risk activity areas”; those activities where offences are more likely to be committed;
- ⇒ assignment to the CO of specific supervisory responsibilities for an efficient and correct operation of the Compliance Programme;
- ⇒ verification and reporting at-risk operations;
- ⇒ observance of the principle of the separation of functions;
- ⇒ definition of empowerment in keeping with delegated responsibilities;
- ⇒ verification of company behaviour and Compliance Programme operations, with consequent periodic updating (ex post control).