

Document enforced as from: 22 July 2014

1 PURPOSE

Provide:

- complete and rigorous monitoring of whistleblowing disclosures received by the Regulatory Body or the dedicated functions of HS Penta S.p.A. ("**HS Penta**" or "**the Company**");
- organisational, management, and control measures aimed also at the reasonable prevention of the possible offences contemplated by Italian decree D.lgs. 8 June 2001, no. 231 ("**Decree 231**").

2 SCOPE

This procedure applies to the management process of disclosures received by the Regulatory Body or the dedicated functions of HS Penta.

It defines the framework of essential operative rules for the management of disclosures, regulating and guaranteeing, by setting up suitable information channels, the reception, analysis, and processing of disclosures concerning problems regarding administrative responsibilities of the company (violations of procedures, of the Organisation and Management Model, of the Code of Ethics, etc.) sent by collaborators of HS Penta ("**Recipients**").

3 RESPONSIBILITY AND DIFFUSION

In the framework of the process of the management of disclosures as per the present procedure, responsibilities are assigned as follows:

- The Internal Audit manager ("**IA**") is responsible for application, updating and amendments of this procedure;
- Managers of company departments/functions involved in the activities as at the present procedure are responsible for observing and enforcing the observance of the relative contents.

Moreover, the present procedure will be consigned and/or forwarded and/or otherwise made available by IA:

- to all members of the Board of Directors and the Board of Statutory Auditors of HS Penta;
- to all members of the Regulatory Body of HS Penta;
- to all employees, consultants, collaborators and business partners of HS Penta.

The present procedure can be consulted and downloaded, also to electronic media, in the files held in the internal IT system.

4 LEGISLATIVE REFERENCES

This procedure is drafted in consideration of the following documents:

- Code of Ethics ex decree D.Lgs. 231/2001 ("**Code of Ethics**"), adopted by the company with the deliberation of the Board of Directors of July 22nd, 2014 and adequately communicated;

- Model of Organisation and Control (ex art. 6 of Italian decree 231) adopted by the company and available from the office of the Regulatory Body and on the Internet website;
- Procedures and Protocols as per the Model of Organisation and Control.

In this context, all Recipients are required to gain familiarity with the legislation referred to above.

5 DEFINITIONS

5.1 Whistleblowing disclosures

For the purposes of the present Procedure the expression "Disclosure" is construed as the communication of any information regarding presumed concerns, malpractices, violations, inappropriate conduct or events and/or, more generally, any criticism or matter that may cause harm or prejudice, also solely in respect of the corporate image, to HS Penta, referred to employees (including top managers) members of the corporate bodies (Board of Directors, Board of Statutory Auditors), independent auditors of HS Penta, and third parties (partners, customers, suppliers, consultants, collaborators) in business relations with said companies in the matters regulated by Italian decree D.lgs. no. 231/2001.

5.2 Anonymous disclosures

An "Anonymous disclosure" is construed as any disclosure in which the identity of the party making the disclosure is not explicit and cannot be traced.

5.3 Malicious allegations

"Malicious allegations" are construed as any disclosure that is not based on fact, made exclusively to harm or otherwise cause prejudice, to employees (including top managers) or members of the corporate bodies (Board of Directors, Board of Statutory Auditors).

5.4 Whistleblowers

Disclosures may be made by the following whistleblowers: employees (including top managers), members of corporate bodies (Board of Directors, Board of Statutory Auditors), partners, suppliers and collaborators of HS Penta.

For the purposes of the present procedure, "partners" are construed as any natural person or legal entity, private or public, institute or association with which HS Penta entertains commercial relations.

For the purposes of the present procedure, "suppliers" are construed as any natural person or legal entity that entertains relations of supply with HS Penta and that is included in the List of Customers and Suppliers;

For the purposes of the Present procedure the expression "contractors" is construed as referring to any natural person or legal entity with which HS Penta entertains contractual relations based on the ongoing provision of services.

5.5 Reported parties

Whistleblowing disclosures may concern employees (including top managers), members of the corporate bodies (Board of Directors, Board of Statutory Auditors), customers, suppliers, partners, shareholders and contractors as defined in the previous point 5.4.

5.6 Recipients of disclosures

Recipients of whistleblowing disclosures (employees, including top managers, members of the corporate bodies) shall promptly transmit the original documents received to the Regulatory Body, using criteria of confidentiality capable of ensuring the effectiveness of the ensuing investigations and the dignity of the

persons involved.

Also any documentation in possession of the recipient of the disclosure and potentially relevant to the matters disclosed must be transmitted to the Regulatory Body.

6 RULES OF CONDUCT

6.1 Guarantee of anonymity and protection

All the functions/organisational positions of HS Penta involved in the reception and processing of whistleblowing disclosures shall guarantee absolute confidentiality and anonymity of the whistleblowers, without prejudice to legal requirements and the protection of the rights of the company.

HS Penta will not tolerate any form of threat, reprisal, or similar actions in relation to an employee who has initiated, or collaborated in, a whistleblowing disclosure process.

6.2 Anonymity

Moreover, anonymous disclosures as at the previous heading 5.2 will be taken into account, as long as they include circumstantial contents and are not anonymous disclosures of a generic and/or confused nature, which will be subject, as far as compatible, to the provisions as at the following § 7.

6.3 Protection from malicious allegations

The Regulatory Body guarantees an adequate response to "malicious" disclosures, condemning such conduct and informing the parties concerned in the case of allegations that are proven to be "malicious".

7 DESCRIPTION OF THE PROCESS

7.1 Operational procedure

The activities of which the process described in the previous § 2 are composed are as follows:

- ❖ Communication;
- ❖ Inquiry;
- ❖ Assessment;
- ❖ Plan of action.

7.2 Communication

In order to facilitate whistleblowing, the Regulatory Body prepares all possible channels of communication, including, by way of example:

- letter post (Addressed to: HS Penta S.p.A., Regulatory Body, via Proventa, 31 48018 Faenza, Ravenna, Italy);
- E-mail (addressed to organismodivigilanza@hspenta.it).

Maintenance of the foregoing channels of communication is guaranteed by the Regulatory Body.

7.3 Inquiry

The following are within the competence of the Regulatory Body:

- receiving and recording each whistleblowing disclosure in a specific document designated "Disclosures log" ("**Log**");
- recording the information concerning each disclosure received;

7.4 Assessment

The Regulatory Body is authorised to decide whether or not to proceed with further checks, motivating its decision in writing in the ledger of the meetings of the Regulatory Body.

The Regulatory Body informs the Board of Statutory Auditors of its decisions.

In conclusion of the assessment phase the Regulatory Body updates the Log and, in the event of a decision not to proceed, files the disclosure.

The Regulatory Body guarantees that the assessment phase is executed as rapidly as possible.

7.5 Plan of action

In agreement with the top management of the entity that the subject of the assessment, the Regulatory Body defines the contents of the "**Plan of action**" required to remedy any criticalities identified.

For each finding also the respective termination date of the corrective actions and the identity of the organisational position and name of the competent person in charge of implementation of the relative corrective action must be defined.

7.6 Malice

If objective facts should emerge from the inquiry or assessment phase proving "malice" of the whistleblower, the Regulatory Body informs the Internal Control Committee of this situation. The Regulatory Body and the Internal Control Committee decide jointly on any actions to be taken in respect of malicious whistleblowers, guaranteeing the implementation of any such actions, and ensuring that the reported party in question is informed of such actions promptly.

In cases of proven "malice", the whistleblower may be subject to appropriate disciplinary measures.

7.7 Follow-up

The Regulatory Body guarantees monitoring of the progress of the action plan.

In conclusion of the follow-up activity, the Regulatory Body updates the Log.

8 REPORTING

On an annual basis the Regulatory Body prepares a report relative to the whistleblowing disclosures it has received in the reference period (Annual report on disclosures received by the Regulatory Body, annex 1), and another report showing the progress of works related to the disclosures received (Annual report on progress of works on disclosures received, annex 2).

Said reports are forwarded to the Chairman, the Directors, the Board of Statutory Auditors and the Independent Auditors of HS Penta.

Furthermore, the Regulatory Body assures the provision of adequate information to the whistleblowers concerning the result of the inquiry.



MANAGEMENT OF WHISTLEBLOWING DISCLOSURES RECEIVED BY THE REGULATORY BODY AND THE DEDICATED FUNCTIONS OF HS PENTA S.P.A.

9 RETENTION OF DOCUMENTATION

It is the responsibility of the party receiving the disclosure to retain a copy of the relative documentation and any annexes.

The Regulatory Body also guarantees retention of the original documentation of the disclosures in specific hard copy/electronic files, in compliance with the highest standard levels of data security/confidentiality utilised by HS Penta.

Processing of the data of the persons involved and/or mentioned in the disclosures is protected in compliance with the terms of statutory legislation and company data protection procedures.