



INTERNAL REGULATIONS

**FOR THE MANAGEMENT OF TRANSACTIONS CARRIED OUT BY SUBJECTS WITH ADMINISTRATIVE, CONTROL
AND MANAGEMENT FUNCTIONS ON THE FINANCIAL INSTRUMENTS OF BIESSE S.p.A.
TRADED IN THE ON-LINE STOCK MARKET THAT IS OPERATED AND MANAGED BY BORSA ITALIANA S.p.A.**

Approved by the Board of Directors of BIESSE S.p.A.
(review July 2016)

1. OBJECTIVES

- 1.1 These Regulations contain the procedure ("**Internal Dealing Procedure**") aimed at governing disclosure obligations as well as the restrictions, methods and time frames for disclosing the purchase, sale, subscription and exchange transactions (the "**Transactions**") of shares (the "**Shares**") of Biesse S.p.A. (the "**Company**") or of financial instruments associated with the shares of the Company (collectively with the Shares, the "**Financial Instruments**") carried out by so-called "relevant" subjects or persons closely related to them, as defined in the EU Regulations no. 596 of 16 April 2014 ("**MAR**") and in particular in the related Art. 19 and Art. 114, seventh comma, of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**") and article 152-sexies of the regulations adopted by Consob with resolution no. 11971 of 14 May 1999 as amended (the "**Issuers' Regulations**") (the "**Internal Dealing Regulations**"). It should be noted that this procedure includes the provisions of the Internal Dealing Regulations contained in the Consolidated Finance Act and in the Issuers' Regulations that were not specifically amended by the MAR content. All capitalized items not defined in this Internal Dealing Procedure have the meaning specified in Annex 1 (Guidelines for the application of the Internal Dealing Procedure).
- 1.2 The "**financial instruments associated with the Company's Shares**" include:
- (i) financial instruments that allow for the subscription, purchase or transfer of the Company's Shares;
 - (ii) financial debt instruments convertible into or exchangeable with the Company's Shares;
 - (iii) financial derivative instruments related to the Company's Shares as specified in Art. 1, paragraph 3, of the Consolidated Finance Act;
 - (iv) any financial instruments equivalent to the Company's shares, representing said Shares;
 - (v) any shares listed in the Italian regulated markets, issued by the Company's subsidiaries, and any financial instruments under previous letters (i), (ii), (iii) and (iv) associated with them;
 - (vi) unlisted shares (including those shares that are listed in a market other than the Italian regulated markets) issued by subsidiaries, directly or indirectly controlled by the Company, when the accounting value of the shareholding in the subsidiary represents more than 50% of the assets of the Company, as shown in the most recently approved Financial Statements, as well as any financial instruments under previous letters (i), (ii), (iii) and (iv) associated with the said shares. For the companies indirectly controlled by the Company, and for all those in which the shareholdings of the Company is indirect, the condition of "relevance" is calculated based on the actual weight that the shareholding in these companies plays in the assets of the Company.
- 1.3 For the purpose of this document, the following are not under disclosure obligations:
- 1.3.1 Transactions the total amount of which does not exceed Euro 5,000 by the end of the calendar year (notwithstanding a different ceiling set forth by Consob pursuant to Art. 19, paragraph 8, of MAR, which cannot exceed Euro 20,000), keeping in mind that subsequently to any disclosure, all transactions for a total amount not exceeding an additional Euro 5,000 by the end of the calendar year are not required to be disclosed and without prejudice to the

fact that the amount of any associated financial derivative instruments is calculated in reference with the underlying Shares. The said amount is calculated by adding the transactions referring to Shares and to associated financial instruments that were carried out on behalf of each Relevant Subject and those carried out on behalf of any Person Closely Related to them;

1.3.2 Transactions carried out between the Relevant Subjects and any Closely Related Person, as set forth in following article 2;

1.3.3 Transactions carried out by the Company and by its subsidiaries;

1.3.4 Transactions carried out by a credit institution or an investment company which contribute to the construction of the trading portfolio of said entity or company, as set forth in Art. 11 of Directive 2006/49/EC, provided that the subject in question:

- (a) keeps organisationally separate from the treasury and from the structures that manage strategic shareholdings, the trading and market making structures;
- (b) is able to identify the shares held for trading and/or for market making activity purposes, through methods that may be subject to auditing by Consob, or through the holding of the same in a specific separate account;

and, if it operates in the capacity of a market maker:

- (a) is authorised by the member state of origin, pursuant to Directive 2004/39/EC to perform market making activities;
- (b) provides Consob with the market making agreement entered into with the market management company and/or the issuer, if required by the law and related implementation provisions in effect in the EU member state where the market maker performs its activities;
- (c) notifies Consob that it plans to perform or is performing market making activities on the shares of a listed shares issuer, using the TR-2 form contained in Annex 4E to the Issuers' Regulations; the market maker must also timely inform Consob about discontinuing market making activities carried out on said shares.

1.3.2 transactions that are not in the nature of consideration, such as donations and inheritances (exchanges are included: in this case the estimated value of the financial instruments subject to exchange shall be deemed as the price of the Transaction); and

1.3.3 free assignment of shares or of purchase or subscription rights, as well as the exercise of these rights when deriving from compensation plans as set forth in Art. 114 bis of the Consolidated Finance Act (whereas the sale of shares deriving from the exercise of said rights or from a free assignment, must be disclosed).

1.4 Pursuant to the fulfilment of the disclosure obligations hereinafter described, the Company is required to provide information to the Relevant Subjects and the Relevant Subjects to the Persons Closely Related to them, about their being identified as such as well as about all related obligations, and they are required to sign the declaration under Annex 3 to this document.

1.5 Compliance with the provisions contained in the Internal Dealing Procedure does not exempt, in all cases, the Relevant Subjects and their Closely Related Persons, from the obligation to comply with other laws and regulatory provisions in effect on the matter, included but not limited to, the obligation to disclose any relevant shareholdings, and all those concerning inside information and market abuse, as well as any other applicable laws.

1.6 **Financial Instruments transactions** are those transactions carried out on Financial Instruments on their own behalf. The transactions to be disclosed include also:

- (a) the assignment for collateral or loan purposes of financial instruments on behalf or in the name of a Person who carries out Administrative, Management or Control activities (as hereinafter defined) or of any Closely Related Person (as hereinafter defined);
- (b) transactions carried out by those who set up or carry out transactions on a professional basis, or by anybody else on behalf of a Person who performs Administrative, Management or Control activities or a Closely Related Person, even when discretion is applied;
- (c) transactions carried out within the scope of a life insurance, as defined pursuant to Directive 2009/138/EC issued by the European Parliament and Council, in which:
 - (i) the life insurance contracting party is a Person who performs Administrative, Management or Control activities or a Closely Related Person;
 - (ii) the investment risk is borne by the contracting party; and
 - (iii) the contracting party has the power or the discretion to make investment decisions related to specific instruments covered by said life insurance, or to carry out transactions concerning instruments specific to said life insurance.

Pursuant to letter (a), it is not necessary to disclose an assignment of financial instruments for collateral purposes, or other similar collaterals, in connection with the deposit of financial instruments into a custody account, unless and provided that this assignment or similar collaterals aim at obtaining a specific monetary financing. To the extent to which a contracting party of an insurance agreement is required to disclose transactions pursuant to this paragraph, the insurance company is not under any disclosure obligations.

2. RELEVANT SUBJECTS AND CLOSELY RELATED PERSONS

2.1 Pursuant to Art. 3 of MAR and Art. 114, paragraph 7, of the Consolidated Finance Act and 152-sexies, first paragraph, letter c), of the Issuers' Regulations, relevant subjects related to the Company (the "**Relevant Subjects**") are:

- (i) Any **Person who performs the Company Administrative, Management or Control activities** (even in the case of a shadow director), meaning any person, within a Company, who is: a) a member of the administrative or control body of said entity; or b) an upper manager, who, although not being a member of the bodies specified at letter a), is authorised to access inside information concerning, directly or indirectly, the Company and who holds the power to adopt management decisions that may affect the future development and prospects of the Company;
- (ii) any **Person who is Closely Related** to a Person who performs the Company Administrative, Management and Control functions, and more specifically: a) a spouse or partner equivalent to a spouse, pursuant to Italian Law; b) a child who is dependent, pursuant to Italian Law; c) a relative who has been sharing the same residence for at least one year as at the date of the transaction in question; or d) a legal entity, trust or partnership, whose management responsibilities are held by a Person who performs Administrative, Management or Control activities or by a person under previous letters a), b) or c), or that is directly or indirectly controlled by said Person, or which has been set-up to the benefit of said Person, or if its financial interests are substantially equivalent to those of said Person.

- (iii) the members of the administrative and control bodies, the subjects who perform management activities and the managers who have regular access to inside information and hold the power to make management decisions that may affect the future development and prospects of a subsidiary, directly or indirectly controlled by the Company, if the book value of the shareholding in said controlled subsidiary represents more than 50% of the assets of the Company, as per the most recently approved Financial Statements;
- (iv) anybody who has a shareholding calculated pursuant to Art. 118 of the Issuers' Regulations, equal to at least 10% of the Company's share capital, represented by shares with voting rights, as well as any other subject who controls the listed issuer (the "**Relevant Shareholders**").

2.2 Pursuant to the content of previous points 2.1(i) and 2.1(iii), it must be noted that inside information, pursuant to Art. 7 of MAR, is any piece of information of a specific nature, which has not been made public, concerning, directly or indirectly, an issuer or one or more financial instruments and which, if made public, could have a significant effect on the price of such financial instruments or on the price of financial derivative instruments.

3. **DISCLOSURE OBLIGATIONS OF THE RELEVANT SUBJECTS**

- 3.1 The Relevant Subjects, except for the Relevant Shareholders, shall disclose to Consob any Transaction carried out by them or by any Closely Related Person **within three trading days** after the date of their execution.
- 3.2 The Relevant Shareholders shall disclose to Consob and make public any Transaction carried out by them or by any Closely Related Person by the end of the fifteenth day of the month following the month when the Transaction was carried out.
- 3.3 The disclosure under this article is carried out according to the methods set forth in following Art. 5, by using the form contained in Annex 6 of the Issuers' Regulations and must contain at least the following information:
 - (a) identity of the involved Relevant Subjects;
 - (b) the reason for the disclosure;
 - (c) the name of the issuer to which the financial instruments belong;
 - (d) the description and identification of the financial instrument;
 - (e) the nature of the transaction(s) (for instance, purchase or transfer), indicating whether they are related to the usage of share options programmes or to specific examples as described in previous Paragraph 1.6;
 - (f) the date and place of the transaction(s) as well as
 - (g) the price and volume of the transaction(s). In the case of an assignment for collateral purposes, the methodologies of which involve a change in value, this change must be made public together with the value as at the date of the assignment.

4. **DISCLOSURE OBLIGATIONS OF THE COMPANY**

- 4.1 In reference to the disclosures received from the Relevant Subjects pursuant to previous Art. 3.1, the Company shall publish the information contained therein pursuant to applicable legislative and regulatory provisions, by the end of the trading day subsequent

to the day when they are received, and communicate them, at the same time, to the authorized storage mechanism.

- 4.2 If required by the Relevant Subjects, upon signing the form in Annex 2, the Company may also provide Consob with the necessary information pursuant to the previous Art. 3.1 and 3.2 on behalf of said subjects, according to the methods and the conditions and terms set forth therein, as long as the related information provided to the Company is sent:
- (i) by the Relevant Subjects, other than the Relevant Shareholders, within two trading days from the date of execution of the Transaction;
 - (ii) by the Relevant Shareholders, by the end of the fourteenth day of the month following the month when the Transaction was executed.
- 4.3 The communications under this article are carried out according to the methods set forth in following Art. 5, by adopting the form in Annex 6 to the Issuers' Regulations.

5. **DISCLOSURE METHODS**

- 5.1 The Relevant Subjects shall disclose to the Company, within three trading days, the Transactions carried out by them and by any Closely Related Person by sending an email message to the subject designated to receive, manage and disseminate this information to the market (the "**Designated Subject**") as identified pursuant to following Art. 7. The email addresses to use for this purpose are the following:

- (a) Email address: alberto.amurri@biesse.com

- 5.2 Disclosures due to Consob and to the public:

- (a) by the Relevant Subjects, as regards themselves and any Closely Related Person, or by the Company to Consob, by fax, to the number 06/8477757 or with a message sent to the email address internaldealing@consob.it or by adopting the procedure used by the listed issuer pursuant to article 65-septies for the storage and filing of information, if agreed upon with the Company itself in the case of disclosures to the Relevant Subjects.
- (b) by the Company, using the form contained in Annex 6 to the Issuers' Regulations through the use of the electronic system SDIR-1INFO ("**SDIR-1INFO**"), and publishing the completed form in its Web Site, in a specific section called "internal dealing", accessible in the pages reserved to investors relations;
- (c) by the Relevant Shareholders, as regards themselves and any Closely Related Person, in the absence of an agreement with the Company, are carried out by sending the completed form contained in Annex 6 to the Issuers' Regulations to at least two wire services and to Borsa Italiana, and by publishing the Annex in the Web Site of the Relevant Shareholder or of the Company (if agreed upon with the latter).

6. **RESTRICTIONS TO THE COMPLETION OF TRANSACTIONS CARRIED OUT BY RELEVANT SUBJECTS AND BY CLOSELY RELATED PERSONS ("**BLACK OUT PERIOD**")**

In order to prevent prejudicial hypotheses for both the Company and the Relevant Subject, the Relevant Subjects, except for the subjects indicated at point 2.1 (iv), are forbidden to carry out - either directly or through an intermediary - Transactions of shares or financial instruments related thereto **within 30 calendar days** preceding the announcement of an interim financial report or end of year report that the Company is required to make public (black out period). Upon approval by the Company, the following Transactions are not subject to restrictions: Transactions carried out (i) in the presence of exceptional circumstances, such as severe

financial difficulties which require the immediate sale of Financial Instruments (based on valuations to be carried out on a case-by-case basis) and (ii) because of the characteristics of the trade if the transactions are carried out simultaneously with or in relation to a shareholding plan in favour of employees or for a saving, pledging or share options programme, or in the case of transactions where the interest of the beneficiary of the security in question is not subject to changes

The Board of Directors of the Company may establish further prohibitions or restrictions on the performance of Transactions carried out by the Relevant Subjects or Closely Related Persons. In this case, in order to allow for compliance with the provisions of this article:

- (a) the Designated Subject shall provide timely information, upon a telephone advance notice followed by email messages, to each Relevant Subject about the restriction or prohibition periods, about the Transactions subject to such restrictions or prohibitions and about the starting date of said periods;
- (b) the provision of the information under previous point (a) to the Closely Related Persons will be the responsibility of each involved Relevant Subject.

7. DESIGNATED SUBJECT

7.1 The Financial manager & Investor Relator performs the functions of the Designated Subject.

7.2 The Designated Subject is responsible for the following:

- (a) communicate to the Relevant Subjects their identification as such and all related obligations, including the obligation to provide the necessary information to the Closely Related Persons on their own obligations;
- (b) receive the information provided by the Relevant Subjects pursuant to the Internal Dealing Procedure;
- (c) manage the information provided by the Relevant Subjects: this management includes also ensuring the storage in appropriate filing systems - also electronic - of the documentation received or sent pursuant to the Internal Dealing Procedure; and
- (d) publication of such information according to the methods and the terms set forth by applicable laws.

7.3 The Designated Subject has the right to request from each Relevant Subject all information, clarifications and/or supplements, also concerning any Closely Related Person, that may be necessary and/or useful for the implementation of the Internal Dealing Procedure. The Relevant Subject to whom the request is being addressed is required to promptly respond to the Designated Subject and, in all cases, within the time necessary for complying with the Internal Dealing Procedure.

8. AMENDMENTS AND SUPPLEMENTS

The amendments and/or supplements to this Internal Dealing Procedure that may become necessary following legal and regulatory provisions or organisational changes implemented by the Company must be approved by the Chairman and/or the CEO.

9. EFFICACY AND SANCTIONS

9.1 This document has been updated by the Board of Directors of the Company on 4 July 2016.

9.2 In the event of non-compliance with legal and regulatory provisions, as described in this Internal Dealing Procedure, the penalties set forth in Art. 193 of the Consolidated Finance Act

apply to the Relevant Subjects and to the companies, entities or insurances that are required to execute the necessary disclosure¹.

- 9.3 In addition, the insider trading and market abuse provide for offences subject to criminal sanctions (Articles 184-187 of the Consolidated Finance Act and Articles 8 and 10 of MAR) and administrative penalties (Articles *187-bis*, *187-ter* and *187-quater* of the Consolidated Finance Act) against those who committed them, and may lead to situations involving the administrative responsibility of the Company (Articles *187-quinquies* of the Consolidated Finance Act and *25-sexies* of Legislative Decree 231/01).
- 9.4 The application of said penalties by the competent authorities does not alter the possibility for the Company to bring further proceedings for any prejudicial consequence against the Relevant Subjects.

¹ **Art. 193 of the Consolidated Finance Act:** 1. Without prejudice to a fact that may constitute an offence attributable to companies, entities or associations that are required to execute disclosures as set forth in Articles 114, *114-bis*, 115, *154-bis*, *154-ter* and *154-quater*, or that are subject to the obligations under Art. *115-bis*, due to a non-compliance with the provisions set forth in the same articles and related implementation provisions, the following measures and administrative penalties shall apply:

a) a public declaration indicating the legal entity responsible for the infringement and the nature thereof;

b) the order to remedy all alleged infringements, with the indication of the measures to be adopted and the terms for such adoption, as well as to abstain from repeating them, when the infringements are characterised by a limited offensiveness or hazardousness;

c) an administrative pecuniary penalty, from Euro five thousand to Euro ten million, or if above said amount, up to 5% of the annual turnover.

1.1. If the communications specified in paragraph 1 are to be provided by a physical person, unless the fact represents an offence, in the event of an infringement, the following measures and administrative penalties apply to this person, except in the cases provided for in Art. 114, paragraph 10:

a) a public declaration indicating the subject responsible for the infringement and the nature thereof;

b) the order to remedy all alleged infringements, with the indication of the measures to be adopted and the terms for such adoption, as well as to abstain from repeating them, when the infringements are characterised by a limited offensiveness or hazardousness;

c) an administrative pecuniary penalty from Euro five thousand to Euro two million.

1.2. As regards the infringements indicated in paragraph 1, attributable to subjects who perform administrative, management or control functions, as well as to personnel, if their conduct has contributed to cause the violations committed by the legal entity, the administrative penalties set forth in paragraph 1.1, in the cases specified in Art. 190-bis, paragraph 1, letter a), shall apply.

ANNEX 1
GUIDELINES FOR THE APPLICATION OF THE INTERNAL DEALING
PROCEDURE

"Management": Management functions are those performed by general managers and subjects with equivalent responsibilities.

"Managers": These include the Managers who, in addition to having access to inside information, may make, when vested with powers, also implicitly, strategic decisions that have an effect on the entire Company and not only on single lines of activities, unless these represent a major part of the overall Company's business. The managers who have independent decision-making powers, i.e. not subject to approval by other decision-making bodies of the Company, are also included (conversely, it is not necessary that this is an individual power, since it is sufficient that the manager is a member of the body that holds decision-making powers).

"Shareholdings": The shares held by a subject, even if the voting rights are held or are attributed to third parties or have been suspended. Shareholdings are also the shares with voting right held or attributed to a subject in one of the following cases or combination thereof: a) the voting right is held due to a position as pledgee of usufructuary; b) the voting right is held due to the position of a depositary or holder on behalf of third parties provided that this right can be exercised at their own discretion; c) the voting right is held by virtue of a proxy, provided that this right can be exercised at the voting right holder's discretion in the absence of specific instructions by the delegating party; d) the voting right is held pursuant to an agreement that provides for the temporary transfer for consideration thereof.

"Legal entities controlled by a Relevant Subject": The companies in which the Relevant Subject or a Closely Related Person holds a significant share of the assets. In particular, a share is considered as significant if the Relevant Subject or a Closely Related Person holds more than 50% of profit share rights. The profit share rights, in the case of a chain of subsidiaries, are calculated by weighing the profit share rights held at each single level.

"Equivalent economic interests": Equivalent economic interests in a partnership are present if the Relevant Subject holds, by themselves or jointly with Closely Related Subjects, profit share rights exceeding 50%.