



INTERNAL REGULATION

**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.**

1. OBJECTIVES

- 1.1 The present document contains the procedures ("**Internal Dealing Procedures**") which govern the information requirements and obligations, methods and communication times relating to purchase, sale, subscription or transaction (the "**Transactions**") involving exchanges of shares (the "**Shares**") in Biesse S.p.A. (the "**Company**") or loan securities, derivative instruments or any other financial instrument related thereto (the "**Related Financial Instruments**" and, together with the Shares, the "**Financial Instruments**") carried out by so-called "relevant" persons and persons closely associated to them, as defined in Paragraph 2 (below) in accordance with the European Union Directive no. 596 of 16 April 2014 ("MAR") and, in particular by Article 19 of the EU Delegated Regulation 2016/522 of 17 December 2015 ("**Regulation 522**") by the (EU) Implementing Regulation 2016/523 of 10 March 2016 ("**Regulation 523**") and by **CONSOB communication no. 0061330 of July 1 2016 (collectively, the "Internal Dealing Regulations")**.
- 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 Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented ("TUF");;
 - (iv) any financial instruments equivalent to the Company's shares, representing said Shares;
- 1.3 For the purpose of this document, the following are not under disclosure obligations of communication 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;
- 1.4 Pursuant to the fulfilment of the disclosure obligations hereinafter described, the Company is required to provide information to the Relevant Subjects, about their being identified as such as well as about all related obligations, and they are required to sign the declaration under Annex 2 to this document.
- 1.5 Compliance with the provisions contained in the Internal Dealing Procedure does not exempt, in all cases, 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 Transactions means all operations involving Financial Instruments carried out for personal purposes or on behalf of these by Relevant Persons (as defined below). **Transactions that must be reported include:**
- a. The purchase, sale, short selling, subscription or exchange;
 - b. Acceptance or exercise of option rights, including option rights granted to persons involved in management or administrative functions or as directors or employees for whom such rights form part of their compensation and the sale of shares deriving from the exercise of option rights;
 - c. Participation in exchange contracts connected with equity indices or the exercise of such contracts;
 - d. Transactions involving derivative instruments or relating thereto, including transactions which are settled for cash;
 - e. Participation in contracts for differences relating to any financial instrument issued by the relevant issuer or shares of issues or products or issues which are the subject of auctions or offers which are the subject of the foregoing;
 - f. The purchase, sale or exercise of rights including put and call options, and warrants
 - g. Subscription for securities issued as part of a capital increase or the issue of loan securities;
 - h. Transactions in derivative instruments and in financial instruments relating to a security issued by the relevant issuer, including credit default swaps;
 - i. Subordinate transactions conditional on the effective outcome of operations;
 - j. The automatic or non-automatic conversion of a financial instrument into another financial instrument, including the conversion of convertible bonds into shares;
 - k. Donations or endowments made or received as part of an inheritance;
 - l. Transactions carried out in products or basket certificates of products, and/or indexed derivative instruments as provided by article 19 of MAR (Market Abuse Regulation);
 - m. Transactions carried out in shares or shares of investment funds, including alternative investment funds (FIA) pursuant to article 1 of directive 2011/61/EU of the European Parliament and European Council, as defined by article 19 of MAR;
 - n. Transactions carried out by a manager of an FIA fund in which a person exercising responsibilities of administration, control or direction or a person closely related to such an individual has an investment or interest as defined by article 19 of MAR;
 - o. Transactions conducted by third parties as part of an asset management mandate or individual portfolio management contract on behalf of or in favour of any person engaged in administration, control or management or any person closely related to such a person;

- p. The assumption or concession on loan of shareholdings or loan securities issued by the issuer or any derivative instrument or any other financial instrument relating to them.
- q. The transfer as collateral or lending of financial instruments by or on behalf of any Person who exercises activities of administration, direction or control (as defined below) or any person closely related to them (as defined below);
ADDED SECTION
- r. Transactions carried out by any person who is involved in preparing or carrying out operations in a professional capacity or by any other person on behalf of a person who exercises activities of administration, direction or control or any person closely related to such a person, even where such activity is conducted on a discretionary basis.
- s. Transactions carried out within the context of a life insurance policy as defined in Directive 2009/138/CE of the European Parliament and Council in which:
 - i. The counterparty of the insurance contract is a person who exercises activities of administration, direction or control or any person closely related to such a person;
 - ii. The counterparty assumes the investment risk; and
 - iii. The counterparty has the power or discretion to make investment decisions regarding the specific instruments relating to the life insurance policy under consideration or to carry out transactions regarding the specific instruments of the life insurance policy.

With regard to paragraph (a), it is not necessary to communicate the transfer as collateral of financial instruments, or any similar collateral transfer, in connection with the deposit of financial instruments in a custodial account, unless and as long as such a collateral transfer or similar transfer is agreed in order to achieve or obtain a specific loan or financial credit. Insofar as the counterparty to an insurance contract is required to communicate any transaction in compliance with the present paragraph, the insurance company has no obligation to make such a communication.

2. RELEVANT SUBJECTS

2.1 Pursuant to Art. 3 of MAR, 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.

- 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, 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 a Consob.

- 3.2 The disclosure under this article is carried out according to the methods set forth in following Art. 5, by using the form contained in Regulation 523 and in Annex A of this procedure 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 receive and, anyway, by 3 trading days from the execution of the relevant operation and communicate them, at the same time, to the authorized storage mechanism.

If required by the Relevant Subjects, upon signing the form in Annex 1, 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 by the Relevant Subjects, by 2 trading days from the execution of the relevant operation.

- 4.2 The communications under this article are carried out according to the methods set forth in following Art. 5, by adopting the form in Regulation 523 in Annex A to the Regulations.

5. DISCLOSURE METHODS

- 5.1 The Relevant Subjects shall disclose to the Company, within 2 trading days, the Transactions carried out by them 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 message shall include all the information expected in Annex A. 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 a certificated message (PEC) sent to the email address consob@pec.consob.it or, if the Relevant Subject have not the obligation of the PEC by message sent to the email address protocollo@consob.it, and 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;

6 LIMITATIONS TO THE EXECUTION OF TRANSACTIONS BY RELEVANT PERSONS AND CLOSELY RELATED PERSONS ("**CLOSED PERIOD**")

In order to prevent circumstances prejudicial or detrimental to either the Company or the Relevant Person, the latter are prohibited from carrying out – directly or indirectly – Transactions on Financial Instruments in the **30 calendar day period** (so-called "**Closed Period**") preceding the announcement of any interim or end-year report which the Company is required to make public.

These limitations do not apply, when allowed by the Company, to transactions carried out (i) in exceptional circumstances, such as severe financial difficulties that require the immediate disposal of Financial Instruments (on the basis of a case-by-case evaluation) and (ii) in the context of the characteristics of a transaction carried out at the same time as or in relation to an employee equity ownership or savings programme, a guarantee or rights to shares or any other transaction in which the beneficial interests to the security in question are not subject to variation.

In this respect it should be noted that, in accordance with Article 7 of **Regulation 522**, any Person involved in activities of Administration, Direction or Control has the right to carry out transactions during the Closed Period as long as the following conditions are satisfied:

- a) At least one of the circumstances referred to in points (i) and (ii) above have been satisfied;
- b) The Person involved in activities of Administration, Direction or Control can demonstrate that the relevant transaction could not be carried out at any other time than during the Closed Period.

Where these circumstances exist, before any transaction may be carried out during the Closed Period, any Person involved in activities of Administration, Direction or Control must make a request to the Company, in writing and giving reasons, for authorisation for the immediate disposal of Financial Instruments during the Closed Period. This written request must contain a description of the proposed transaction and an explanation of the reasons for which the sale of the Financial Instrument is the only reasonable means of obtaining the necessary financing.

In deciding whether to authorise the Transaction during a Closed Period, the Company will carry out a case-by-case evaluation of the aforementioned written request and has the right to authorise the Transaction only where the circumstances of the Operation can be considered exceptional.

The circumstances may be considered exceptional where they relate to circumstances that are extremely urgent, unforeseen and pressing and which are not attributable to the Person involved in activities of Administration, Direction or Control and which are beyond their control.

In considering whether the circumstances described in the aforementioned written request are exceptional, the Company will evaluate, beyond all other considerations, if to any extent the Person involved in activities of Administration, Direction or Control: a) at the time of presentation of the request must fulfil a financial obligation that is legally objectionable or satisfy a claim; b) has to fulfil any obligation or finds him/herself in circumstances that arose prior to the start of the Closed Period which require a payment to a third party, including tax demands, and that the relevant Person may not reasonably fulfil a financial obligation or satisfy a demand without carrying out the transaction in question.

The Company has the right to authorise the Person involved in activities of Administration, Direction or Control to trade on his/her own behalf or on behalf of third parties during a Closed Period in certain circumstances, amongst others situations in which:

- a) the Person involved in activities of Administration, Direction or Control has been allocated Financial Instruments within the scope of an employee share ownership scheme on condition that the following conditions have been satisfied:
 - i. the employee plan and its conditions have received the prior approval of the Company in accordance with national legislation and the conditions of the plan specify the time requirements for the allocation or assignation and the value of the financial instruments allocated or assigned, or the basis of calculation of the same, on condition that discretionary powers may not be exercised;
 - ii. the Person involved in activities of Administration, Direction or Control has no powers of discretion with regard to the acceptance of the Financial Instruments allocated or assigned;
- b) the Person involved in activities of Administration, Direction or Control has been attributed or allocated financial instruments as part of an employee scheme which has been activated during the Closed Period, on condition that a previously planned method has been prepared to govern the conditions, periodisation and timing of attribution, on condition that there is clear indication of the authorised persons to whom the financial instruments have

been allocated and the amount of the financial instruments to be allocated and on condition that the attribution or allocation of financial instruments occurs within the context of a defined scheme in which such allocation or attribution may not be influenced by any kind of privileged information;

- c) the Person involved in activities of Administration, Direction or Control exercises options or warrants or rights to convert convertible bonds that have been allocated within the scope of a scheme for employees, where the expiry date of such options, warrants or convertible bonds falls within a Closed Period, and sells the shares acquired following exercise of such options, warrants or conversion rights, on condition that all the following conditions are met:
 - i. the Person involved in activities of Administration, Direction or Control notifies the issuer of his/her intention to exercise the options, warrants or conversion rights at least four months before the expiry date;
 - ii. the decision of the Person involved in activities of Administration, Direction or Control is irrevocable;
 - iii. the Person involved in activities of Administration, Direction or Control has been granted prior authorisation by the Company;
- d) the Person involved in activities of Administration, Direction or Control acquires Financial Instruments in the Company as part of an employee savings scheme, on condition that all the following conditions are met:
 - i. the Person involved in activities of Administration, Direction or Control was a participant in the scheme prior to the Closed Period, except where it was impossible to subscribe to the scheme at any other time because of the date of commencement of the employee's contract of employment;
 - ii. the conditions of participation in the scheme applicable to the Person involved in activities of Administration, Direction or Control are not amended or rescinded during the Closed Period;
 - iii. purchase transactions are clearly organised on the basis of the terms of the scheme and the Person involved in activities of Administration, Direction or Control has no right or legal possibility of amending these terms during the Closed Period, or these transactions are planned within the scope of the scheme in such a way that they take place at a predetermined time in the Closed Period;
- e) the Person involved in activities of Administration, Direction or Control transfers or receives, directly or indirectly, Financial Instruments, on condition that these have been transferred from one account to another belonging to the same person and that the transfer involves no change in the price of the Financial Instruments;
- f) the Person involved in activities of Administration, Direction or Control acquires a guarantee or rights relating to shares in the Company and the date of such acquisition falls within the Closed Period, in compliance with the Company's Articles of Association or in accordance with the law, on condition that the said Person can demonstrate to the issuer the reasons that the acquisition could not have occurred at any other time and the issuer accepts the reasons provided.

The Company's Board of Directors can establish any other prohibitions or limitations on transactions by Relevant Persons and Closely Related Persons. In this case, in order to comply with the provisions of the present article:

- (a) the Designated Person must immediately notify, with advance warning by telephone followed by fax or e-mail, each Relevant Person of the period of limitation or prohibition, of the Transactions subject to limitation or prohibition and the date of commencement of the same:

Communication of information referred to in point (a) above to Closely Related Persons is the responsibility of each Person involved in activities of Administration, Direction or Control so interested.

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, 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 3 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 14 and 15 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 8 and 12

¹ **Article 193 of Consolidated Financial Law (TUF):** Pursuant to article 193 of the TUF, regarding companies, entities or associations required to issue the notifications defined by articles 114 (communication to the public), 114-bis (market information regarding allocation of financial instruments to company representatives, employees or associates), 115 (communications to CONSOB), 154-bis (manager responsible for preparing the company's financial accounts), 154-ter (financial reports) and 154-quater (Transparency of payments to governors) or persons to whom the obligations defined in article 115-bis (register of persons having access to privileged information) the following administrative sanctions are applicable:

(a) a public declaration indicating the legal person responsible for the violation and the nature of the same;

(b) an order to cancel contested infractions, with indications, where appropriate, of the measures to adopt and the terms of compliance, and to desist from repeating them, when the said infractions are considered to be of negligible gravity or seriousness;

(c) a financial penalty of between Euro five thousand and Euro ten million, or, if greater, up to five per cent of total annual revenues. If communication is the responsibility of an individual, except where the infraction is a crime, in the event of violation the latter will, unless exempted by article, 114, paragraph 10, be subject to the following measures and administrative penalties:

(a) a public declaration indicating the person responsible for the violation and the nature of the same;

(b) an order to cancel the contested infraction, with indications, if appropriate, of the measures to be adopted and the terms of compliance, and to desist from repeating them, when the said infractions are considered to be of negligible gravity or seriousness;

(c) a financial penalty of between Euro five thousand and Euro two million.

In the case of violations by persons involved in administration, direction or control, as well as personnel, whenever their conduct has been a contributing factor in the said violation by legal persons, the appropriate application is, in cases defined by article 190-bis, paragraph 1, section a) the aforementioned penalties.

Unless the violation is a criminal offence, in cases of omission of notification of significant shareholdings and shareholder pacts as defined, respectively by articles 120, paragraphs 2, 2-bis and 4, and 122, paragraphs 1, 2 and 5, of the TUF as well as violations of the regulations established by articles 120, paragraph 5, 121, paragraphs 1 and 3, and 122, paragraph 4, of the TUF relating to companies, entities or associations, the following administrative measures and sanctions are applicable:

(a) a public declaration indicating the person responsible for the violation and the nature of the same;

(b) an order to cancel the contested infraction, with indications, if appropriate, of the measures to be adopted and the terms of compliance, and to desist from repeating them, when the said infractions are considered to be of negligible gravity or seriousness;

(c) a financial penalty of between Euro ten thousand and Euro ten million, or, if greater, up to five per cent of total annual revenues.

Except where the violation constitutes a criminal offence, where the aforementioned communications are the responsibility of a physical individual, violations thereof are subject to the following measures and administrative penalties:

(a) a public declaration indicating the person responsible for the violation and the nature of the same;

(b) an order to cancel the contested infraction, with indications, if appropriate, of the measures to be adopted and the terms of compliance, and to desist from repeating them, when the said infractions are considered to be of negligible gravity or seriousness;

(c) a financial penalty of between Euro ten thousand and Euro two million.

In the case of violations by persons involved in administration, direction or control, as well as personnel, whenever their conduct has been a contributing factor in the said violation by legal persons the appropriate application is, in cases defined by article 190-bis, paragraph 1, section a) of the TUF, the previously described penalties above.

In the event of a delay in communication of matters required by article 120, paragraphs 2, 2-bis e 4, TUF not exceeding two months, the minimum amount prescribed by law of the fines indicated above is in € 5,000. 2.4.

If the benefit obtained by the infringer as a result of that violation is above the limits edittali above, the administrative fine is increased up to twice the amount of benefit, provided that 'this amount is determinable.

It applies administrative fine from Euro 10,000 to Euro 1,500,000:

(A) members of the supervisory board, the supervisory board and the committee for management control who commit irregularities in performing the duties provided for in Article 149, paragraphs 1, 4-bis, first period, and 4-ter, TUF or omit the information required in article 149, paragraph 3, of the TUF;

Unless the act constitutes a crime, members of the supervisory bodies, who fail to perform in terms of the communications prescribed under Article 148-bis, paragraph 2, of the TUF are punished with administrative fine equal to twice the annual compensation provided for the position in relation to which the notification is not given. With the sanction also declared its fall from office.

MAR, 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.