



**YOOX GROUP**

**GUIDELINES FOR THE SUBMISSION OF CANDIDATE LISTS  
FOR THE RENEWAL OF THE BOARD OF DIRECTORS**

25 February 2015



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## 1. Introduction

The mandate of the Board of Directors of YOOX S.p.A. (“YOOX” or the “Company”) terminates with the approval of the financial statements for the year ending 31 December 2014. Taking into account the results of the board review, benchmarking with comparable Italian and international companies and discussions with stakeholders, and in accordance with the recommendations set out in article 1.C.1h) of the Code of Conduct of Listed Companies recently approved in July 2014 (the “Code of Conduct”), the outgoing Board has given consideration to the future size and composition of the management body, expressing its guidance to shareholders ahead of its renewal. Specifically, the Board has expressed some recommendations on the characteristics (professional *in primis*) that the Chairman, Chief Executive and other members of the Board should have.

The current guidelines for the submission of candidate lists for the renewal of the Board of Directors were approved by the YOOX Board of Directors on 25 February 2015, on the proposal of the Appointments Committee of 24 February 2015.

## 2. The regulatory and statutory framework

Without prejudice to the legal requirements concerning eligibility, composition and gender balance, Article 14, paragraph 1, of the YOOX Bylaws provides that the Company is managed by a Board of Directors consisting of a minimum of 5 (five) and a maximum of 15 (fifteen) members. When it was last elected, the Ordinary Shareholders' Meeting of 27 April 2012 set the number of Board members at 7 (seven).

Pursuant to Article 14, paragraph 2, of the YOOX Bylaws, lists of candidates for appointment to the YOOX Board of Directors may be submitted:

- (i) by the outgoing Board of Directors, and
- (ii) by shareholders who, at the time of submission of the list, hold a shareholding at least equal to that determined by Consob pursuant to Article 147-*ter*, paragraph 1, of Legislative Decree 58/1998 as amended (“TUF”), and in compliance with the Issuer Regulation approved with resolution 11971 of 14 May 1999, as amended.

With resolution 19109 of 28 January 2015, Consob set the shareholding required to submit candidate lists for the election of the Company's management body at 1% of the share capital.

Lists submitted by shareholders are deposited at YOOX's registered office at least 25 (twenty-five) days before the date of the Shareholders' Meeting called to appoint the Directors, in accordance with the terms and procedures established by existing laws and regulations. For the list submitted by the outgoing Board of Directors, this deadline is set at 30 (thirty) days before the date of the Shareholders' Meeting called to appoint the Directors. In both cases, the lists must also be made available by the Company to the public at least 21 (twenty one) days before the date of the Shareholders' Meeting, according to the procedures set out under the laws in force.

Each shareholder or group of shareholders belonging to a shareholders' agreement as defined in article 122 of the TUF may not submit or vote for more than one list, either directly or through a third party or fiduciary company. A candidate may appear on one list only, or shall be deemed ineligible.



Shareholders who submit a "minority list" are subject to the recommendations made by Consob in communication DEM/9017893 of 26 February 2009.

Each list must be accompanied by:

- (i) CVs detailing the candidates' personal and professional characteristics, including management and control positions held in other companies;
- (ii) statements in which each of the candidates accepts their candidacy and certifies that there are no grounds of ineligibility or incompatibility and that they meet the requirements prescribed by current laws for the office of Company director. These statements may also include a declaration concerning whether they meet the requirements to qualify as an Independent Director pursuant to Article 147-ter of the TUF, and, where applicable, the further requirements set out in the codes of conduct drawn up by companies managing regulated markets or by trade associations;
- (iii) for the lists submitted by shareholders, the names of the shareholders submitting the lists, and the total percentage shareholding held; and
- (iv) any other declaration, information and/or document provided for by law and by the applicable regulations.

The Bylaws stipulate that lists must contain nominations for no more than 15 (fifteen) candidates, numbered sequentially. Each list must contain and expressly indicate at least one Independent Director pursuant to Article 147-ter of the TUF, with a sequential number no higher than seven. If the list comprises more than seven candidates, it must contain and expressly indicate a second Independent Director pursuant to Article 147-ter of the TUF; unless such lists contain fewer than three candidates, they must ensure that the Board will include both genders, such that candidates of the least-represented gender make up at least one-fifth of the total for the first term of office one year after the entry into force of Law 120/2011, and at least one-third of the total in the two subsequent terms of office, rounded up to the nearest whole number. Each list may also expressly indicate, where applicable, the Directors that meet the requirements of independence set out in the codes of conduct drawn up by companies managing regulated markets or by trade associations.

At the end of the vote, the candidates from the two lists with the most votes shall be elected, according to the following criteria:

- a number of directors equal to the total number of members of the Board, as previously established by the Shareholders' Meeting, minus one, shall be drawn, in sequential order of presentation, from the list that obtained the most votes (the "Majority List"); the said numbers of candidates are elected in the numerical order shown on the list;
- one director is drawn from the list obtaining the second greatest number of votes and which is not linked, even indirectly, to the shareholders that submitted or voted for the Majority List pursuant to the applicable provisions (the "Minority List"), in the person of the candidate at the top of the list.

If no Independent Director pursuant to article 147-ter of the TUF is elected from the Majority List for a board of not more than seven members, or if only one Independent Director pursuant to article 147-ter of the TUF is elected for a board with more than seven members, the first Independent Director pursuant to article 147-ter of the TUF indicated on the Minority List will be elected, rather than the candidate at the top of the Minority List.

Should the resulting composition of the Board not enable compliance with gender balance provisions, given their sequential order on the list, the last few candidates of the most-represented gender elected from the Majority List shall be replaced - in the number necessary to ensure compliance with the requirements - by the first few non-elected candidates of the least-represented gender on the same list. If there are not enough



candidates of the least-represented gender on the Majority List to make the necessary number of replacements, the Shareholders' Meeting shall elect the additional members by statutory majority.

Lists that do not obtain at least 50% of the votes required to submit a list shall not be taken into consideration.

If two lists receive the same number of votes, the entire Shareholders' Meeting shall take a new vote and the candidates that obtain a simple majority shall be elected, in compliance with the allotment policy, as set out in Article 147-ter, paragraph 1-ter of the TUF.

If only one list is presented, the Shareholders' Meeting shall vote on it, and if it obtains a relative majority, excluding abstentions, the candidates listed in sequential order, up to the number determined by the Shareholders' Meeting, shall be elected as Directors; it being understood, however, that if the Board comprises more than seven members, the second Independent Director pursuant to article 147-ter of the TUF shall also be elected, in addition to the Independent Director necessarily included in the first seven places, in compliance with the allotment policy set out in Article 147-ter, paragraph 1-ter of the TUF.

### **3. Guidance given by the Board of Directors**

In giving its guidance to shareholders, ahead of the Shareholders' Meeting to renew the management body, the Board of Directors considered three areas essential for the proper functioning of corporate governance, specifically: *(i) independence*; *(ii) size and duration*; and *(iii) structure of delegated powers and candidate profiles*.

These are described below.

#### **3.1 Independence**

As set out in the Code of Conduct, all directors are required to exercise independence of judgement. It therefore seems essential to ensure that the new Board of Directors has a high degree of independence in substantive terms, in line with Company practices. The presence of independent directors on the Board is considered the most appropriate solution to ensure that the interests of all shareholders are represented on the board. The contribution of directors with these characteristics is furthermore necessary for the composition and functioning of internal committees with advisory and consultative roles.

It is therefore recommended to ensure that a clear majority of candidates on each list qualify as independent in line with the criteria identified by law, the Code of Conduct and Italian and international best practice.

Proposers are invited to consider and indicate in detail any activities conducted by candidates - through companies over which they exercise control or in which they hold a significant shareholding, or in which they qualify as strategic directors, or through industry associations of which they are members - with YOOX (or any of its subsidiaries), the main shareholders, the parties presenting the list, the related executive management and managers with strategic responsibilities, or the network of the Company's main auditor.



## 3.2 Size and duration

A number of directors equal to 7 (seven) is considered appropriate for the performance of duties in relation to the Company's governance, and enables the establishment of internal committees, ensuring that the management body, as a whole, can function effectively and efficiently.

In terms of duration, the traditional arrangement is confirmed: a three-year mandate is considered the correct term for ensuring that newly-appointed directors have a sufficient period of time to justify the initial investment in time and energy spent in acquiring appropriate knowledge of company operations and the industry in which it operates.

## 3.3 Structure of delegated powers and candidate profiles

The preference of the Board of Directors in office is for the conditions to be in place and the candidates available to ensure the structure of delegated powers is based on the presence of a Chairman and a separate Chief Executive Officer, with the organisation of the Board's work supported by the preparation and advisory activities of internal committees.

Generally speaking, a Board of Directors should ideally include a wide range of experience and cultural backgrounds, both general and specialist, some of which has been acquired in an international context. The competencies considered appropriate are a knowledge of fashion and/or luxury goods, e-commerce, or, in any case, related businesses; strategy, finance, communication and organisation, risk management and internal audit. In terms of professional background, a management grounding is preferred, and the contribution of experts in law, risk, finance and tax or in the technical area in which the Company operates is also considered useful.

### The Chairman:

- should be a person endowed with the appropriate authority to fulfil the role, such that he/she can ensure, over the period of the mandate, the proper and transparent functioning of the Board of Directors, and thereby represent a guarantee for all shareholders;
- should have gained previous experience on the boards of directors of listed companies of a similar size and/or complexity and international focus to YOOX;
- should have appropriate knowledge of corporate governance, as well as expertise in economic/financial issues and corporate strategy;
- should be a non-executive Director.

### The Chief Executive Officer:

- should be a person endowed with the appropriate authority and leadership to fulfil the role, who has gained significant experience and achieved success at the highest levels of listed companies of a similar size and/or complexity to YOOX;
- should have acquired appropriate knowledge and experience in e-commerce or in other similar, related, connected or adjacent sectors;
- should have appropriate expertise in economic/financial issues and corporate strategy relating to the Company's activities.



The remaining directors:

- should all be non-executive, and the majority independent, based on the criteria established by law, the recommendations set out in the Code of Conduct, and Italian and international best practice.

Four of the seven directors should have gained management experience at companies or organisations – preferably international – of a similar size and/or complexity to YOOX. The directors should preferably include a balanced mix of the following profiles:

- significant focus on strategies and results;
- appropriate financial expertise and/or business judgement;
- experience gained in the fashion, luxury, design business, and/or in retail or branding or, alternatively, at companies with similar and/or innovative business content;
- administrative, accounting or auditing background;
- significant experience abroad, including in the above-mentioned management roles.

Committees should be composed of 3 (three) members, and directors should be able to sit on more than one committee, with the chairmanship to be assigned to independent Directors.

Directors should have sufficient knowledge of English. In light of the international scope of YOOX's business, it is desirable that at least one director has significant experience abroad, ideally in one of the countries of strategic interest for the Group.

In accepting their candidacy, all candidate Directors should carefully assess whether they can devote sufficient time to the diligent performance of their duties, taking into account both the number and quality of mandates held on the management and audit bodies of other companies, and the commitment required of them by other professional activities and the offices they hold in associations.