

YOOX NET-A-PORTER GROUP

Anti-Corruption Compliance Program

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ANTI-CORRUPTION COMPLIANCE PROGRAM – MESSAGE FROM THE CEO

Dear Stakeholders,

It is recognized that operating to the **highest ethical standards** benefits all companies and **society**. **We in YOOX NET-A-PORTER GROUP fully acknowledge and support this principle.**



Managing compliance is not only required to maintain legal or regulatory standing, but it's **vital for our reputation, and our reputation is a key factor in order to achieve our mission.**

As a global Internet retailing partner for leading fashion & design brands, YOOX NET-A-PORTER GROUP is committed to safeguarding its reputation as an **ethically responsible and transparent Company**.

To achieve this goal, YOOX NET-A-PORTER GROUP defined a Group Anti-Corruption Compliance Program which forms part of our Company's values by creating a **foundation for our business performance**, providing clear **guidance to our employees** and serving as a **roadmap to improve the management of risks**.

As a **global player** with offices and operations in the United States, Europe, Japan, China and Hong Kong and delivering to more than 100 countries worldwide, we believe that a structured and comprehensive Anti-Corruption Compliance Program is crucial to building and maintaining the **trust of our stakeholders** – our customers, partners, suppliers and employees, our shareholders and investors, the governmental authorities and the community in general.

Chairman of the Board of Directors
Federico Marchetti

YOOX NET-A-PORTER GROUP VALUES

YOOX NET-A-PORTER GROUP always strives for improvement, relying on its passion and creativity to help create value for its Customers and Partners. The creation and strengthening of relationships with the various Stakeholders based on trust and transparency is one of the key elements of the YOOX NET-A-PORTER GROUP business model.

There is zero tolerance of bribery and corruption in any part of the Company's business. Company activities are carried out in accordance with relevant laws and regulations of the countries in which the Company operates and in accordance with fundamental and indispensable values shared across all areas and all levels.

The Company is committed to continually spreading its **corporate values** among its Employees, paying particular attention to staff training. Understanding and complying with these values involves ethical conduct – in both internal and external relations – and helps to support the Group in terms of economic **growth** and **credibility**.

ETHICS

YOOX NET-A-PORTER GROUP's success is based on honesty, transparency, integrity and privacy in dealing with clients and in interpersonal relations and on the ability to translate shared ethics into credibility and results.

INTERNATIONALITY

YOOX NET-A-PORTER GROUP's international expansion requires understanding and respecting the differences between countries by building connections and integrating with local culture.

YNAPCOMPLY

YNAPCOMPLY is the result of the assessment of the **Company's areas exposed to the risk of corruption**, identified in accordance to the Group activities and to international Best Practices*, together with the definition of a series of **principles, controls and rules that we in YOOX NET-A-PORTER GROUP decided to adopt and respect in our daily work:**

- ✓ **YNAPCOMPLY – In Conducting Business with Third Parties**
- ✓ **YNAPCOMPLY – In Prohibiting Facilitation Payments**
- ✓ **YNAPCOMPLY – In Managing the Interactions with Public Officials and Bodies**
- ✓ **YNAPCOMPLY – In Gifts, Hospitality and Entertainment**
- ✓ **YNAPCOMPLY – In Sponsorships and Charitable Contributions**
- ✓ **YNAPCOMPLY – In Human Resources Management and Administration**
- ✓ **YNAPCOMPLY – In Respecting Proprietary Information**

This Program applies to the entire YOOX NET-A-PORTER GROUP and to all dealings and transactions in **all countries where the Company operates**. The entire Group workforce, **including others acting on behalf of the Company**, are required to **read, understand, and adhere** to this program. In addition, YOOX NET-A-PORTER GROUP managers are required to enforce the program and ensure that employees, individuals, and entities for which they are responsible, are aware of, understand, and adhere to the requirements of this program.

* Main International best practices are:

- Transparency International (TI): Guidance on good practice procedures for corporate anti-bribery programmes.
- World Economic Forum - Partnering Against Corruption Initiative (PACI).
- Organization of Economic Co-operation and Development (OECD) - Anti-Bribery Convention and the Convention's 2009 Anti-Bribery Recommendation.
- United Nations Convention Against Corruption.

YNAPCOMPLY – In Conducting Business with Third Parties

YOOX NET-A-PORTER GROUP enters into business relationships only with third parties that have a respectable reputation and which are engaged exclusively in **lawful activities**, inspired by **ethical principles** comparable to those of the Group.

- **Conducting due diligence** before entering into a new business relationship with a third party, as well as “on an on-going basis as circumstances warrant” to confirm the suitability of a third party (e.g. clear shareholding structure, absence of any conflicts of interest, organizational structure and financial reliability), with a view to mitigating the risk of becoming involved in corruption through those third parties, is a key rule for YOOX NET-A-PORTER GROUP.
- The process concerning procurement is regulated by **Procurement Policies & Procedures** which set out roles and responsibilities of the main parties involved in the procurement process and define general rules for key activities that cut across the procurement process, such as third party management, procurement reporting and control and document management.
- **Contractual agreements** with third parties are based on standard terms and conditions, approved by the Legal Department and include clear provisions, representations and warranties which ensure the third party’s commitment to the YOOX NET-A-PORTER Code of Conduct and to the policies and procedures foreseen by this Program, together with a contractual right of termination in case of breach of anti-corruption laws and provisions limiting the third party’s ability to act on behalf of the company and/or to have interactions with public officials.
- Furthermore, whether **payments** are made to third parties:
 - remuneration should reflect **legitimate services effectively rendered** and shall be based on the most objective elements possible. Services rendered should be documented;
 - **cash payments are strictly prohibited**. Payments should only to be made on bank accounts held in the name of the third party and in the country where the third party is active or registered and communicated prior to the signing of the contract;
 - payments can only be made on the basis of duly **authorized contracts** and upon receipt of **proper invoice**, and should be **properly recorded** in the Company’s books and records.

YNAPCOMPLY – In Prohibiting Facilitation Payments

“Facilitation” (or “facilitating”) payment is a small payment to a government official designed to secure or speed up a routine government action by a government official. For example, small payments designed to process a visa, schedule an inspection, secure mail pick-up or delivery, and get utilities such as power or phones connected would all generally be considered facilitation payments.

- **YOOX NET-A-PORTER GROUP does not allow facilitation payments.** YOOX NET-A-PORTER employees and the subjects acting on behalf of them are not allowed to promise, pay, offer - either directly or indirectly - payments with the aim of favouring services however due by the Public Administration.
- If asked to make a facilitation payment, YOOX NET-A-PORTER employees and representatives are required to **say “NO” and report the issue to the Company’s Group Anti-Corruption Compliance Office.**
- **Cash payments are generally forbidden except for petty cash transactions in accordance with Company’s procedures. Register of claims for all petty cash expenses must be kept.**
- In addition, **YOOX NET-A-PORTER GROUP ensures that all petty cash transactions comply with the principles of validity, verifiability, fairness and consistency** and also ensures that each operation is properly motivated and authorized according to Group’s procedures and promptly recorded in the accounting system, according to the criteria established by law and based on the applicable accounting standards.

YNAPCOMPLY – In Managing the Interactions with Public Officials and Bodies

YOOX NET-A-PORTER GROUP manages its interactions with public officials and bodies in compliance with the applicable regulations and with the provisions of the **Code of Conduct** and the policies and procedures foreseen by this Program, as well as on the basis of the powers granted by the Board of Directors.

- YOOX NET-A-PORTER relationships with public officials are inspired by **transparency, honesty and integrity**. **Any improper influence by Company's employees on public officials and bodies is strictly prohibited.**
- In particular, YOOX NET-A-PORTER established the following prohibitions:
 - to be represented in dealings with public officials and bodies by third parties that are not properly and formally authorized, and in any case in the event that conflicts of interest may arise;
 - derogate from the principles and operating procedures that the Group established in dealing with the public officials and bodies;
 - promise, offer, authorize to promise or offer or accept gifts or any other advantages, which may affect the independence of judgment or lead to any advantage for the Group;
 - in any way unduly interfere in dealing with public officials.
- All the relationships with public officials and bodies are managed by **duly appointed individuals** within the Group, which should operate according to established procedures. All communications to and from public officials must be archived in order to provide an audit trail.

YNAPCOMPLY – In Gifts, Hospitality and Entertainment

The offer (and acceptance) of Gifts, Hospitality and Entertainment expenses is a generally accepted feature of business but is recognized as an area where there may be a risk of bribery and corruption. **In general, bona fide hospitality and promotional or similar business expenditure which is “reasonable and proportionate” does not amount to bribery.**

■ YOOX NET-A-PORTER GROUP employees should only **offer, or accept gifts and hospitality** that are:

- **reasonable** and in any case not to be interpreted as aimed at obtaining any preferential treatment by the receiver. Admitted categories and value thresholds have been defined to safeguard this principle and form part of specific procedures, communicated to all employees;
- destined to receivers that perform tasks connected with Company activities and that comply with the generally recognized **reputation** and **respectability** requirements.

■ Gifts, hospitality and entertainment expenses should also:

- **take into account the specific profile of the receiver**, in relation to the habits in institutional or professional relations and within **local culture**;
- be supported by suitable evidence in order to allow their **traceability**, exception made for expenses of limited value;
- be performed by employees **according to their activity and their role within the Company**;
- be **envisaged by specific company provisions** (i.e.: standard gifts, facilities that the Company has an agreement with);
- if asked to offer, or accept gifts and hospitality not aligned with these standards, YOOX NET-A-PORTER GROUP employees and representatives are required to **say “NO” and report the issue to the Group Anti-Corruption Compliance Office.**

YNAPCOMPLY – In Sponsorships and Charitable Contributions

YOOX NET-A-PORTER GROUP cooperates with non-profit International Organizations with regular statutes and constitutional documents, which are of **high cultural value, social or charity**, through the periodic organization of "**Charity Projects**" that promote specific social causes consistent with the ethical principles and values promoted by the Company.

- **All requests for sponsorships and charitable contributions are made in written form.** The Functions involved verify that the request of the initiative is contained within the limits of the approved Budget and start the **Due Diligence** on the potential beneficiary in order to verify that it complies with all legal regulations required for the performance of its activities and it has an **excellent reputation as to skills and honorability** (i.e. absence from any black list / tax heaven countries, clear shareholding structure, absence of any conflicts of interest, even if potential).
- Once the initiative is approved, a **contract** is finalized, which includes standard terms and conditions (e.g. the prohibition to allocate the amount of the initiative for purposes other than those defined and approved in the object of the initiative and stated in the contract), and anti-corruption clauses, including the acceptance of the Group's Code of Conduct.
- Upon verification of the effective and appropriate use of the funds, **payments are made by bank wire transfer to a traceable account held in the name of the beneficiary** of the initiative and communicated prior to the signing of the contract.
- If asked to offer charitable contributions not aligned with these standards, YOOX NET-A-PORTER GROUP employees and representatives are required to **say "NO" and report the issue to the Group Anti-Corruption Compliance Office.**

YNAPCOMPLY – In Human Resources Management and Administration

YOOX NET-A-PORTER GROUP has enjoyed significant international growth in recent years, and it has established a reputation for proper, transparent, impartial and honest relationships. The Company has become increasingly important to value diversity when managing People; different points of view can add value and contribute to a greater whole.

- **YOOX NET-A-PORTER GROUP has a structured recruiting process inspired by principles of fairness and transparency.** This avoids distortions in the recruiting process that could lead to risks with unethical or unsuitable candidates being selected. YOOX NET-A-PORTER GROUP applies objective criteria for advertising and interviewing, and all applications and the whole selection process are documented. All new employees receive full information about the Company's program, which they have to formally adhere to and re-affirm periodically.
- **YOOX NET-A-PORTER GROUP compensation policies are driven by meritocracy.** Employees' performance evaluation is based on objective criteria, which are agreed and communicated and periodically monitored through a structured performance management process and career path models.
- **With regard to personnel administration management,** YOOX NET-A-PORTER GROUP 's activities are based on key control principles such as:
 - clear definition of the types of reimbursable expenses and value limits;
 - prohibition of advance payments to employees for travel arrangements;
 - bookings and payments for travel and accommodation are managed only through the corporate travel agency;
 - formal authorization of employee requests for reimbursement for expenses in accordance with delegation of authority in place;
 - documentation and monitoring of expenses and related reimbursements to employees.

YNAPCOMPLY – In Respecting Proprietary Information

One of YOOX NET A PORTER GROUP’s most valuable assets is information. “Proprietary information” is sensitive information that is owned by a company and which gives the company certain competitive advantages. Employees should maintain the **confidentiality** of information (whether or not it is considered proprietary) entrusted to them not only by the Company, but also by suppliers, customers and others related to our business. In particular:

- **YOOX NET-A-PORTER GROUP keeps proprietary information of third parties to which it has gained access in accordance with the terms of its disclosure and in strict compliance with all applicable laws and regulations.**
- **YOOX NET-A-PORTER GROUP does not solicit or accept a third party’s proprietary information** (whether provided by a customer or otherwise), such as bid and proposal information, or technical or price data, unless the owner of the data has agreed to its release.
- All YOOX NET-A-PORTER GROUP employees who receive a third party’s proprietary information without authorization:
 - shall promptly cease dissemination and review of such information;
 - shall promptly destroy or return such information; and
 - should inform the third party of the incident and their response.
- If asked to become owner of proprietary information not aligned with these standards, employees and representatives are required to **say “NO” and report the issue to the Group Anti-Corruption Compliance Office.**

ANTI-CORRUPTION GOVERNANCE

The organizational structure, roles and responsibilities and processes outlined below contribute to compose and enforce the wide Anti-Corruption Compliance Program of YOOX NET-A-PORTER GROUP.

Ongoing screening and update of compliance requirements

It is clear that YOOX NET-A-PORTER GROUP operates within a dynamic environment. The Company's business is dynamic and the external environment changes too with new regulations, new risks and changes in markets and existing business partners.

YOOX Group Anti-Corruption Compliance Office, an independent body appointed by the Boards of Directors, supported by the Legal Department and local Legal Advisors is responsible for the continuous monitoring of any change in the anti-corruption regulatory and compliance frameworks where the Company operates. The program is placed under continuous review to ensure it remains effective and valid and to allow necessary improvements to be made.

Risk Assessment

As in any management systems approach, risk assessment is the foundation for the design of an adequate anti-corruption compliance program. In accordance with international best practices the Company defined a structured risk assessment process which identifies, assesses and prioritizes risks and gives the company a systematic view of where corruption risks lie and as a result it can drive the design of detailed policies and procedures accordingly. Group Anti-Corruption Compliance Office is in charge of maintaining the program in order to meet changing conditions and risks.

Policies and Procedures

In cooperation with business functions, the Legal Department and local compliance specialists, Group Anti-Corruption Compliance Office is responsible for defining and updating effective anti-corruption policies and procedures, in addition to the Group Code of Conduct and the principles defined in this Program. Company's policies and procedures are assigned to a responsible manager. The Company guarantees that all policies and procedures are clear and accessible, documented and kept up-to-date.

ANTI-CORRUPTION GOVERNANCE

Speak-Up Line

Any Employee/Consultant who becomes aware of the commission of a possible act of corruption has a responsibility to report the circumstances, on a fully confidential basis, to the Speak-Up Line. A full investigation of the circumstances will be carried out. Any Employee/Consultant seeking further advice on this Program and the areas covered by it may also contact the Group Anti-Corruption Compliance Office or the HR Department on a fully confidential basis.

Communication and Training

This Program and the policies and procedures associated with it, together with the Group Code of Conduct are fully communicated to all relevant Employees and others who perform services for the Company. Regular Training is given to all Employees/Consultants, while tailored training is defined for employees assessed as operating in high risk areas.

Audit activity

Compliance with this Program and with the policies and procedures associated with it and their effectiveness is monitored on a regular basis by Group Anti-Corruption Compliance Office, who will report issues to the Top Management and the Board of Directors of YOOX NET-A-PORTER GROUP. In addition and as part of this Program, compliance with the Code of Conduct and with the Organizational, Management and Control Model pursuant to Italian Legislative Decree 231/01 valid for YOOX NET-A-PORTER GROUP is also monitored by the Group Internal Audit department, which has been given a mandate by the Board to perform Group-wide checks on all relevant areas and corporate processes.

Disciplinary Measures

YOOX NET-A-PORTER GROUP internal and external stakeholders are required to comply with the provisions contained in this Compliance Program. Any misconduct or violation of the principles set out in this document will be promptly detected and sanctioned according to the Company's disciplinary system and to the labour law.

YOOX NET-A-PORTER GROUP

Thank you

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