

YOOX NET-A-PORTER GROUP

Regulations on Related Party Transactions

PROCEDURE EX ART. 4 OF CONSOB REGULATION 17221 OF 12 MARCH 2010

INTRODUCTION

This Procedure for related-party transactions (the "**Procedure**"), originally approved on 10 November 2010, has been amended with resolution of the Board of Directors of YOOX NET-A-PORTER GROUP S.p.A. ("**YNAP**" or the "**Company**") of 16 December 2015, after favourable opinion of the Independent Directors comprising the Related-Party Transaction Committee (as defined in art. 5 below in this Procedure).

The Procedure is adopted in accordance with the Regulations on Related-Party Transactions issued by CONSOB with decision no. 17221 of 12 March 2010 (amended by subsequent decision no. 17389 of 23 June 2010) (the "**Regulations**"), in execution of article 2391-bis of the Italian Civil Code and articles 113-ter, 114, 115 and 154-ter of the Italian Finance Consolidation Act (Legislative Decree no. 58 of 14 February 1998 - "**TUF**") and sets out the rules governing the identification, approval and management of related-party transactions of YNAP, directly realised by the Company or through Subsidiaries (as defined below). Specifically, the Procedure:

- governs the procedure for identifying related parties, defines the method and timing for the preparation and updating of the List of Related Parties, and identifies the company divisions with responsibility for doing so;
- identifies the rules for identifying related-party transactions before they are carried out;
- governs the procedure by which YNAP executes related-party transactions, also via its subsidiaries as defined in article 93 of TUF or other companies subject to direction and coordination (the "**Subsidiaries**");
- establishes the procedure and timing for the fulfilment of the obligation to inform corporate bodies and the market.

This Procedure shall be treated as instruction given by YNAP to all Subsidiaries pursuant to and to the effects of art. 114, second indent of TUF.

The Company applies this Procedure also in accordance with CONSOB Communication DEM/10078683, published on 24 September 2010 containing "Guidelines for application of the Regulations on related-party transactions approved by decision no. 17221 of 12 March 2010 as amended", annexed to this Procedure at "Appendix I" (the "**Communication on Application**").

2. DEFINITIONS

2.1 Definition of "related parties"

For the purposes of this Procedure, the terms "related parties" and the related notions of "control", "joint control", "significant influence", "members of close family", "executives with strategic responsibilities", "subsidiary", "affiliate" and "joint venture" have the same meanings given to them in Appendix 1 to the Regulations¹, annexed to this Procedure at "Appendix II".

Based on the definitions in Appendix 1 to the Regulations and taking into account information provided in the Communication on Application, the following parties are considered related parties of YNAP:

- 1) persons and entities controlling YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 2) persons and entities controlled by YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 3) persons and entities subject to joint control with YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 4) persons and entities holding, directly or indirectly, also via subsidiaries, trustees or intermediaries, a shareholding in YNAP such that they can exercise a significant influence over the company;
- 5) persons and entities exercising control over YNAP together with others, directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 6) persons and entities exercising sole or joint control or a significant influence over YNAP by virtue of their involvement in a shareholders' agreement;
- 7) companies affiliated to YNAP;
- 8) joint ventures in which YNAP has a shareholding;

¹ Despite the absence of any direct reference to IAS 24 – "*Related Party Disclosures*", adopted in accordance with the procedure set out in article 6 of Regulation (EC) 1606/2002 ("*IAS 24*"), when identifying the subjective perimeter of correlation and the notion of a related-party transaction, definitions contained in Appendix 1 to the Regulations will be considered by CONSOB in the exercise of its regulatory activities and also with regard to the body of international accounting standards as indicated in the Regulations, in accordance with the interpretations given by the competent bodies, provided that they are applicable to the version of IAS 24 in force on the date on which the Regulations became effective (see paragraph 1 of the Communication on Application).

- 9) executives of YNAP with strategic responsibilities and executives of companies who control YNAP as defined in Appendix I of the Regulations, i.e. persons with the direct or indirect power or responsibility for the planning, direction and control of the activities of YNAP and its parent companies (including directors, non-executive directors, independent directors and standing auditors);
- 10) members of the close families of the persons indicated in 1), 4), 5), 6) and 9) above, i.e. any family members potentially able to influence or be influenced by the person in question in their relations with YNAP, including spouses not legally separated, common law partners, their children and dependents;
- 11) an entity in which one of the persons named in 9) and 10) above exercises, directly or indirectly, control, joint control or significant influence, or holds a significant share, but not less than 20% of the voting rights;
- 12) supplementary collective or personal pension schemes (Italian or foreign) established for the employees of the Company or any other affiliated entity.

The Company's Administration, Finance and Control Department, through proper information tools and availing itself of the support of other company departments if necessary, prepares, updates at least on a three-months basis and keeps available a list of parties related to the Company (the "**List of Related Parties**") to (i) the Company's main corporate functions and to (ii) the directors and main corporate functions of the Subsidiaries, companies exercising control over the Company and affiliated companies pursuant to Appendix 1 of the Regulations,.

For the purposes of updating the List of Related Parties, the Administration, Finance and Control Department will send on a six-month basis the questionnaire annexed to this Procedure at "Appendix III" to the executives with strategic responsibilities of YNAP and to the executives of the companies who exercise control over the Company pursuant to Appendix I to the Regulations. The executives must complete, sign and return such questionnaire to the Administration, Finance and Control Department and must also promptly notify to the same Department of any changes to the provided information by sending an updated version of the questionnaire.

2.2 Definition of "transaction"

"Related-party transaction" means "any transfer of resources, services or obligations among related parties, regardless of whether any consideration has been agreed" (Appendix 1(1) of the Regulations), including without limitations as indicated in the Regulations and the Communication on Application: (i) mergers involving YNAP and a related party; (ii) demergers by incorporation with a related party; (iii) non-proportional demergers; (iv) increases in the capital of YNAP with the exclusion of an option right in favour of a related party.

The Procedures also govern those transactions which, though carried out by Subsidiaries, are attributable to YNAP by reason of a prior examination or approval by YNAP, in accordance with paragraph 7 of the Communication on Application, to which reference is made.

2.3 Definition of "independent directors" and "non-related directors"

For the purposes of this Procedure:

- "independent directors" means those recognised as such by the Company, in application of the legal and regulatory framework for the time being in force (including principles and application guidelines of the Company's Code of Conduct);
- "non-related directors" means directors other than the counterparty of a certain transaction and its related parties.

3. APPROVAL, DISTRIBUTION AND PUBLICATION OF THE PROCEDURE

3.1 Approval and amendments to the Procedure

The Procedure and any amendments thereof are approved by YNAP Board of Directors, with the favourable opinion of a Committee formed exclusively of three independent directors appointed from time to time by the Board of Directors. The Committee will meet in good time before the Board meeting called to approve the Procedure and related amendments. The meeting, to which the Board of Auditors and the Head of Internal Audit are also invited, will also be attended by the Director in charge of preparing the financial statements under article 154-bis of TUF. Such opinion shall then be sent to the Board of Directors at least one day before the meeting.

If there are not at least three independent directors in office, resolutions on the Procedure or on related amendments will be approved with the favourable opinion of those independent directors who are present, or in their absence, with the non-binding opinion of an independent expert appointed by the Board of Directors. Such opinion shall be sent to the Board of Directors at least one day before the meeting.

The Board of Directors will assess at least once a year whether or not to review the Procedure taking into account, *inter alia*,

any reforms to laws and regulations, any changes to the Company's ownership structure and the effectiveness of the Procedure in practice.

3.2 Distribution, entry into force and publication of the Procedure

The Company's Administration, Finance and Control Department will send the Procedure and the List of Related Parties to the main corporate divisions of YNAP, including the Director in charge of preparing the financial statements under article 154-bis of TUF in order to align the Procedure with the administrative and accounting procedures set out in such article. The Procedure will also be sent to all those functions required to oversee the compliance of the same (including, without limitations, the Internal Audit department, the Head of Internal Audit and the Board of Auditors).

Pursuant to and to the effects of art. 114, second indent of TUF, the Administration, Finance and Control Department will also send the Procedure to the Directors and main corporate functions of the Subsidiaries, for their information and compliance within the scope of their responsibilities. For this purpose, the Chairman of the Board of YNAP will send to the Subsidiaries' executive bodies a communication, enclosing a copy of the Procedure, illustrating the instructions on the main responsibilities in charge to the Subsidiary, with the aim to ensure the effectiveness of the processes governed by the Procedure. The Subsidiaries' executive bodies must sign a communication by way of acceptance and send it to the Chairman of YNAP, accepting the instructions and agreeing to comply with all the relevant obligations under the Procedure, and to distribute it to their company departments and any other companies over which the Subsidiaries may have control pursuant to article 93 of TUF.

The Procedure will be effective from its publication on the Company's website (www.ynap.com), or on the different date set forth by the law or by the Board of Directors.

4. IDENTIFICATION OF RELATED-PARTY TRANSACTIONS

Those persons responsible for approving and/or executing a given transaction on behalf of the Company or its subsidiaries must check, before undertaking negotiations, whether the counterparty is a related party, referring, among other things, to the List of Related Parties and availing themselves of the support of the Company's Administration, Finance and Control Department and of the Legal and Corporate Affairs Department, if necessary. If it is ascertained that the counterparty to the transaction is a related party of YNAP, the Administration, Finance and Control Department must be promptly notified of the intention to begin negotiations on the transaction.

The notification must contain at least the following information:

- details of the counterparty and the type of relationship;
- type and object of the transaction;
- financial terms and conditions of the transaction;
- expected timeframe;
- reasons underlying the transaction, any criticalities or potential risks associated with it, also in consideration of the Company's exercise of direction and coordination over the counterparty;
- any other transactions entered into with the same party or with related entities.

If the terms and conditions are considered usual or standard for the market, the documentation provided must contain objective references in this regard.

On receipt of the above notification and after verifying the existence of a relationship with the counterparty, the Administration Finance and Control Department will evaluate, with the help of the Legal and Corporate Affairs Department, whether:

- (a) the transaction is significant under the terms of the Regulations and thus the procedure described in paragraph 6 below must be applied;
- (b) one or more of the exemptions described in paragraph 9 below can be applied.

The Administration, Finance and Control Department, availing itself of the Legal and Corporate Affairs Department, will also verify whether the transaction is price-sensitive, and whether the procedures on the management of sensitive information and the registration of persons with access to privileged information should be implemented as well.

In the case described under letter (a) above, the Administration, Finance and Control Department will launch the procedure described in paragraph 6.

In the case described under letter (b) above, the Administration, Finance and Control Department will provide a description of the checks carried out to be filed in the Archive of Related-Party Transactions (as defined below), as well as will fulfil any

obligations under the terms of paragraph 9 below, or issues instructions in that regard to other departments, availing itself of the Legal and Corporate Affairs Department.

The Administration, Finance and Control Department of the Company will prepare and keep an electronic archive (the “**Archive of Related-Party Transactions**”), of:

- related-party transactions, including those executed via Subsidiaries, approved under the terms of paragraph 6 below (including any transactions subject to framework decisions pursuant to article 8 below); and
- related-party transactions, including those executed via Subsidiaries, to which the Regulations do not apply, further to paragraph 9 below.

5. GENERAL PRINCIPLES FOR THE APPROVAL OF RELATED-PARTY TRANSACTIONS

Related-party transactions must reflect the criteria of transparency, material and procedural accuracy and are conducted in the exclusive interests of YNAP.

Material accuracy means that the transaction must be correct from a financial viewpoint, for example when the transfer price of an asset is in line with market prices and more generally when the transaction has not been influenced by the relationship, or at least that the relationship has not led to the acceptance of conditions which are unduly onerous for YNAP.

Procedural accuracy means compliance with procedures intended to ensure the material accuracy of the transaction, i.e. compliance with rules which allow, at least potentially, that a related-party transaction will not unduly prejudice the interests of YNAP and its investors. In particular, the essential elements of procedural accuracy are the following: (i) compliance with rules on the approval of related-party transactions; (ii) the information provided to those in charge to authorise the transaction, who must always be informed of the existence of a correlation (type, origin and scope) and of its possible influence on the decision to execute the transaction and to define its terms and conditions; (iii) justification for the convenience for the issuer– on the basis of articles 2391 and 2497-ter of the Italian Civil Code in relation to transactions concluded in the presence of a director with involvement, or in the case of company direction and coordination – so that the influence of the relationship on the definition of the terms of the transaction can be evaluated.

Notwithstanding article 8 of the Regulations, being the Company a smaller entity pursuant to article 3 of the Regulations, its procedure on related-party transactions (including high-significance transactions as identified in Appendix 3 to the Regulations) complies to the provisions of article 7 of the Regulations, without prejudice to the exclusive competence of the Board of Directors in relation to the matters set out below. The provisions of article 5 of the Regulations also apply (“Public disclosures on related-party transactions”).

In particular, as illustrated in paragraph 6 below, related-party transactions are approved through the involvement of a Committee (the “**Related-Party Transaction Committee**”), formed of three independent directors, appointed by the Board of Directors. Those directors must also be non-related directors, in respect of each relevant transaction.

When forming the Related-Party Transaction Committee the Board of Directors shall also appoint its Chairman and approve the specific rules on its functioning.

In each of the cases described in paragraphs 6 and 7, the documentation in support of related-party transactions will be kept in such a way as to identify:

- the characteristics of the transaction (strategic and industrial value, economic and financial, legal, fiscal aspects, risks and criticalities, guarantees issued or received etc.);
- the type of relationship;
- the Company’s interest in the transaction;
- the method by which the financial terms and conditions were determined, and an evaluation of its congruity compared to the market values for similar transactions.

If required by the type, scope and characteristics of the transaction, the Related-Party Transaction Committee will ensure that the transaction is concluded with the assistance of independent experts in order to assess the value of the assets, and with the appropriate financial, legal or technical advice (by commissioning a special valuation and/or fairness and/or legal opinions) in order to ensure that the transaction is not undertaken with different conditions from those that would realistically have been agreed between non-related parties.

Directors who have an interest in the transaction must inform the Board promptly and in full of the existence of that interest and on the related circumstances of the same. The decision to have those directors leave the meeting during decisions on the transaction or to abstain from voting must be made on a case by case basis. If the director in question is the Managing Director, he will not conclude the transaction. In such cases, the Board’s decisions must state adequate reasons and the benefit for the

company of entering into the transaction.

The Board of Directors will consider the most appropriate course of action if the fact of removing the directors from the meeting at the time of the decision could prejudice the quorum necessary for decisions to be passed.

The Board of Directors is in any case competent to make (i) any decision relating to low-value transactions carried out under non-market conditions, and (ii) decisions concerning high-significance transactions with related parties as described in paragraph 10.2 of the Procedure.

6. PROCEDURE FOR RELATED-PARTY TRANSACTIONS

6.1 Transactions for which the Shareholders' General Meeting is not competent

Without prejudice to the Board of Directors' exclusive competence in relation to the matters indicated in the preceding paragraph, related-party transactions which are not within the competence of the Shareholders' General Meeting will be approved and/or executed by the person with the authority to approve and/or execute them according to the Company's rules on governance, with the non-binding, motivated opinion of the Related-Party Transaction Committee. For that purpose, having identified the transaction's significance under the terms of the Regulations in accordance with paragraph 4 above, the Administration, Finance and Control Department will promptly notify the person responsible for approving and/or executing the transaction who, having positively evaluated the transaction's feasibility, will then immediately inform the Related-Party Transactions Committee members in writing (through the Administration, Finance and Control Department). The Committee members must then declare, in writing, that there are no relationships linked to that specific transaction (also, if applicable, in relation to the Subsidiary's counterparty).

The notification must provide full and adequate information about the transaction, and at the very least must contain:

- details of the type of relationship and an indication of the related party;
- the object of the transaction and the methods of execution;
- the timeframe and financial conditions, including the countervalue of the transaction;
- the method by which the financial terms and conditions were determined, and an evaluation of its congruity compared to the market values for similar transactions;
- the interests and reasons underlying the transaction, any criticalities or potential risks associated with it, also in consideration of the Company's exercise of direction and coordination over the counterparty.

If the terms and conditions are considered usual or standard for the market, the documentation must contain objective references in this regard.

The above-mentioned information may be given in several phases, if the progress of negotiations does not allow all the required information to be given at the same time.

The Related-Party Transaction Committee may request additional information.

If three independent directors are not present, or if in relation to a particular transaction with related parties one or more members of the Related-Party Transaction Committee declare themselves to be related parties in respect of the specific transaction, in order to ensure the material accuracy, a motivated favourable opinion must be given by the independent director(s) or by the non-related independent directors who may be present, or in their absence, by the Board of Auditors. An independent expert may also be appointed. Should the Board of Directors avail itself of the opinion of the Board of Auditors, the members of the Committee must, if they have an interest (either direct or via a third party) in the transaction, notify the other auditors, specifying the nature, terms, origin and scope of the transaction.

As indicated in paragraph 5 above, if required due to the type, scope and characteristics of the transaction, the Related-party Transaction Committee (or their alternates, depending on circumstances) may obtain special valuations and/or fairness and/or legal opinions from one or more independent experts of their choice, at the Company's expense. For this purpose, they may indicate to the YNAP Board of Directors the name of the expert(s) to be appointed in that regard. The experts' mandates must expressly state that they are specifically assisting those persons in the exercise of their duties.

The appointment of an independent expert cannot be delegated to persons who are counterparties in the transaction, or who are related parties of the Company or of the counterparty.

The expert must declare his / her independence at the time of the appointment and give any reasons for which any financial, capital or economic relations with YNAP, entities with control over YNAP, subsidiaries of YNAP or entities subject to joint control by YNAP and/or the directors of those companies are not relevant for the purposes of evaluating his / her independence. The expert valuations, fairness and/or legal opinions must be sent to the Related-party Transaction Committee (or, depending on

circumstances, the alternates of the Committee) with sufficient notice in the days leading up to the Related-Party Transactions Committee meeting.

The Related-party Transaction Committee will meet in good time ahead of the date scheduled for approval and/or execution of the transaction. The meeting, to which the members of the Board of Auditors are also invited, will be attended (if required) by the Directors or executives with proxies (including managers responsible for conducting the negotiations or investigations) of YNAP and its Subsidiaries, and any other persons indicated by the Related-Party Transaction Committee.

When formulating its opinion, the Related-party Transaction Committee must also consider YNAP' interests in carrying out the transaction, the related benefits, and the material accuracy of the related conditions.

The opinion must be given, together with an indication of any conditions under which the transaction may be subject to, within three days (or less, in case of duly sustainable reasons) prior to the date scheduled for approval and/or execution of the transaction, together with any expert reports, fairness or legal opinions required, and all the information sent to the Related-party Transaction Committee.

During any meetings of the Board of Directors which may be called to approve the transaction, the Chairman or a member of the Related-party Transaction Committee delegated for that purpose must explain to the Board the motivated opinion of the Committee.

If minutes of the decision (of the Board of Directors or other corporate body) are drafted, they must include adequate motivations in respect of the Company's interests in carrying out the transaction, of its suitability, its material accuracy and related conditions. The minutes must also mention the main elements of the Related-Party Transaction Committee's opinion or that of the Committee's alternates, if applicable. If the approval of the related-party transaction is within the competence of the executive directors or directors with authority to approve it, to the Board of Directors and the Board of Auditors must be provided in the first available meeting with adequate motivations in respect of the Company's interests in carrying out the transaction, of its suitability, its material accuracy and related conditions and an explanation of the main elements of the opinion.

Without prejudice to article 114(1) of TUF, in the event that one or more transactions are approved notwithstanding the negative opinion of the Related-Party Transaction Committee, the Board of Directors, availing itself of the support of the Administration, Finance and Control Department, the Legal and Corporate Affairs Department and the other persons involved in the transaction, will prepare and publish, within fifteen days from the end of each quarterly reporting period, a document containing details of the counterparty, the object and consideration for those transactions, and the reasons why the opinion was not approved. That document will be deposited at the company's head office in accordance with the procedure set out in Title II, Chapter I of CONSOB Regulation 11971/99 ("**Issuer Regulations**"). By the same deadline, the opinion will be made available to the public in the form of an appendix to the above document, or on the Corporate Governance section of the Company website www.ynap.com.

6.2. Transactions within the competence of the Shareholders' General Meeting

If a transaction is within the competence or must be authorised by the Shareholders' General Meeting, the provisions of paragraph 6.1 above will apply (*mutatis mutandis*) in relation to the investigation and approval of the proposed resolution to be submitted to the Shareholders' General Meeting by the Board of Directors.

If expressly stated in the Company's bylaws and without prejudice to article 5 of the Regulations, if applicable, in urgent cases related to a crisis within the Company, the transactions may be concluded notwithstanding the provisions of the foregoing paragraph, provided that: (i) the body convening the Shareholder's General Meeting must prepare a report containing adequate justification for the urgency, and the control body reports to the meeting on its considerations concerning that justification; (ii) the report and considerations referred to above must be made available to the public at least twenty-one days prior to the date set for the meeting at the company's head office, as indicated in Part III, Title II, Chapter I of the Issuer Regulations.

7. TRANSACTIONS CONDUCTED VIA SUBSIDIARIES

If the Board of Directors (or the delegated bodies or other company executives) of YNAP examine and/or approve related-party transactions carried out by Subsidiaries, the Related-Party Transaction Committee or its alternates as applicable, the Board of Auditors and the Board of Directors of YNAP shall receive, with adequate advance notice, sufficient information about the transaction, with particular regard to the type of relationship (including details of the related party), the object, financial conditions and timeframe, and the underlying interests and reasons for the transaction). If the terms and conditions are considered usual or standard for the market, the documentation must contain objective references in this regard.

The transaction will be approved and/or executed by the competent body of the Subsidiaries, with a non-binding, motivated opinion of the Related-Party Transaction Committee or its alternates as applicable. The opinion must be given within three days (or less, in case of duly sustainable reasons) prior to the date of approval or execution of the transaction. All the information sent to the Related-party Transaction Committee (or, depending on circumstances, its alternates), together with further

documentation relating to the transaction, must be made available to the person responsible for approving and/or executing the transaction with sufficient notice.

If the transaction to be executed via the Subsidiaries is within the competence of the Shareholders' General Meeting, the above procedure shall be applied (with the necessary amendments) to the proposed resolution to be submitted to that meeting.

The Delegated Bodies of YNAP must provide the YNAP Boards of Directors and Auditors with full, detailed reports, at least on a quarterly basis, on the execution of transactions and those exempt in accordance with the Regulations, their main characteristics and conditions, approved by the Subsidiaries during the quarterly period in question.

8. FRAMEWORK DECISIONS

Under article 12 of the Regulations, identical transactions with certain categories of related party, also those executed via Subsidiaries, may be approved by recourse to framework decisions.

Without prejudice to the provisions of the Regulation, also in the matter of disclosure to the public, decisions relating to the adoption of framework decisions must be subject to the provisions of paragraph 6 above, subject to the Board of Directors' authority to approve, if the aggregate maximum amount of the transactions in question is higher than the thresholds stipulated in paragraph 10.2 below.

Framework decisions taken in accordance with this paragraph may not be effective for more than one year and must refer to transactions determined adequately, stating at least the foreseeable maximum amount of the transactions to be executed in the relevant period, and justification for the planned conditions.

The Delegated Bodies of YNAP must provide full reports to the Board of Directors on the implementation of framework decisions, at least on a quarterly basis.

When approving a framework decision, the Company will publish a statement under article 5 of the Regulations if the maximum amount of the transactions in question is likely to exceed one of the thresholds identified in paragraph 10.2 below.

Article 7 of the Regulation will not apply to individual transactions concluded in implementation of the framework decision. Transactions concluded in implementation of a framework decision required to be disclosed under the terms of the foregoing paragraph are not included in the calculation of the cumulative total referred to in article 5(2) of the Regulations.

9. CASES OF EXEMPTION UNDER ARTICLE 13 OF THE REGULATIONS

Subject to the cases of exemption referred to in article 13(1) and (4) of the Regulations, those regulations will not apply to the following:

- a) low-value transactions referred to in paragraph 9.1 below;
- b) payment plans based on financial instruments approved by the Shareholders' General Meeting under the terms of article 114-bis of TUF and related operations (see paragraph 9.2 below);
- c) decisions other than those indicated in article 13(1) of the Regulations, concerning fees paid to directors with particular duties and fees to other directors with strategic responsibilities, in accordance with the conditions of article 13(3)(b) (see paragraph 9.3 below);
- d) ordinary transactions concluded under market or standard conditions (see paragraph 9.4 below);
- e) urgent transactions not within the competence of the Shareholders' General Meeting and not requiring authorisation by the latter (see paragraph 9.5 below);
- f) transactions with or between Subsidiaries or affiliated companies, if those companies have no interests classified as "significant" (see paragraph 9.6 below).

The other decisions referred to in (b), (c), (d) and (f) above will also be subject to the obligations to provide periodic information under article 5(8) of the Regulations.

9.1. Low-value transactions

Low-value transactions (as defined below) are excluded from the application of the Regulations and these Procedures. They may be executed, in accordance with the respective powers, by a duly authorised person at YNAP or by executive directors or by duly authorised directors of the Subsidiaries.

For the purpose of the Procedures, "low-value transactions" means those with a value of less than Euro 1,000,000 (one million).

This exclusion does not apply in the case of several low-value transactions identical or carried out as part of the same plan,

entered into with the same related party or persons related to the latter or to YNAP, if their aggregate total exceeds the amount stated above.

9.2 Payment plans under article 114-bis of TUF

Under article 13 (3)(a) of the Regulations, payment plans based on financial instruments approved by the Shareholders' General Meeting under article 114-bis of TUF, and related operations, are excluded from the application of the Regulations and this Procedure.

Payment plans under article 114-bis of TUF and related operations are subject to obligations on transparency, material and procedural accuracy, as provided for in the regulations in force *pro tempore*.

9.3 Decisions on fees paid to directors with particular duties and other managers with strategic responsibilities

Under article 13(3)(b) of the Regulations, decisions concerning fees paid to directors other than those indicated in article 13(1) of the Regulations and other managers with strategic responsibilities are excluded from application of the Regulations.

For the purposes of this exclusion, the following is required:

- YNAP must have adopted a remuneration policy;
- a committee, composed exclusively of non-executive directors (the majority of which must be independent directors), must have been involved in defining that remuneration policy;
- a report outlining the remuneration policy must have been submitted for approval or consultative vote by YNAP General Shareholders' Meeting;
- the fees allocated must be consistent with such remuneration policy. Consistency with the remuneration policy is assessed by the Company's Remuneration Committee.

9.4 Ordinary transactions entered into at standard or market equivalent conditions

9.4.1 Identification of ordinary transactions entered into at standard or market equivalent conditions

"Ordinary" transactions means, under article 3(1)(d) of the Regulations, those transactions which form part of the ordinary operating activities of YNAP, and related financial activities.

Transactions "entered into at standard or market equivalent conditions" means, under article 3(1)(e) of the Regulations, those transactions entered into under conditions identical to those usually applied to non-related parties for transactions of a corresponding type, scope and risk, or based on regulated tariffs or prices imposed on or applied by entities with whom the Company is legally obliged to contract at a fixed price.

The identification of "ordinary transactions" and those "entered into at standard or market equivalent conditions" under this paragraph 9.4.1 is deferred to the assessment of the Administration Finance and Control Department (which, where deemed appropriate, may avail itself of the support of the Related-Party Transaction Committee); the Administration Finance and Control Department reports in any case to the Chief Financial and Corporate Officer as regards the outcome of the assessment carried out.

As regards "ordinary transactions", the identification is made by taking into account the guidelines contained in paragraph 3 of the Communication on Application.

9.4.2 Applicable regulations

Ordinary transactions entered into under market or standard conditions are excluded from the application of all the provisions of the Regulations and these Procedures, with the exception of article 5(8) of the Regulations concerning periodic accounting information.

The body responsible for authorising the transaction must in any event be provided with all the necessary information, including documentation containing references to support the market or standard conditions, at least three days prior to approval of the transaction.

If the transactions benefiting from an exemption under the terms of this paragraph are high-significance transactions, subject to article 114(1) of TUF, the Company will:

- notify CONSOB, within seven days of the approval of the transaction, of the counterparty, object and value;
- indicate in the interim report on operations and in the annual report, as part of the information required under article 5(8) of the Regulations, which of the disclosed transactions were concluded with the benefit of the exemptions referred to in this paragraph.

For each ordinary transaction subject to an exemption, the Administration, Finance and Control Department will enter the

following details in the Archive of Related-Party Transactions: the ordinary nature of the transaction, in terms of its object, frequency and size, the nature of any relationships, the simplicity of the economic and contractual framework, the size and type of counterparty.

9.5 Urgent transactions

If expressly permitted under the Company's bylaws and subject to article 5 of the Regulations, if applicable, any related-party transactions not within the competence of the Shareholders' General Meeting and not requiring approval by the latter, subject to compliance with the obligations set out in the following subparagraph, may be concluded notwithstanding article 7 of the Regulations if the body with competence to make the decision considers that there are objective and urgent grounds for the transaction in the Company's interests.

In such a case the Company must comply with the obligations under article 13(6) of the Regulations, and in particular:

- if the transaction is within the competence of the Managing Director, he must inform the Chairman of the Board of Directors, the Lead Independent Director and the Chairman of the Board of Auditors of the reasons for the urgency, before the transaction is concluded and in any event at least three days beforehand;
- without prejudice to its effectiveness, the transaction must be the subject of a non-binding resolution of the first available Shareholders' General Meeting;
- the Board of Directors convening the Shareholder's General Meeting referred to above must prepare a report containing adequate justifications for the urgency;
- the Board of Auditors must draw up a specific report in which it informs the Shareholder's General Meeting of its considerations regarding that urgency;
- the Boards of Directors and of the Board of Auditors reports referred to above must be provided to the public at least twenty-one days prior to the date set for the Shareholder's General Meeting at the company's head office as indicated in Part III, Title II, Chapter I of the Issuer Regulations. The above documents may be incorporated into any information document prepared in accordance with article 5(1) of the Regulations;
- by the end of the day following the Shareholder's General Meeting the Company must provide the public, as indicated in Part III, Title II, Chapter I of the Issuer Regulations, with information on the results of voting, with particular regard to the total number of votes cast by the holders of voting rights who are not related parties.

If the urgent transaction is carried out via Subsidiaries, the competent company departments must inform the Chairman of the Board of Directors, the Lead Independent Director and the Chairman of the Board of Auditors of YNAP of the reasons for the urgency, before the transaction is concluded and in any event at least three days beforehand. Without prejudice to its effectiveness, the transaction must be the subject of a non-binding resolution of the first available Shareholders' General Meeting of YNAP, to which the Board of Directors must submit a report containing adequate justification for the urgency. The Board of Auditors of YNAP must draw up a specific report in which it informs the Shareholders' General Meeting of its considerations regarding that urgency. Both the report of the Board of Directors and that of the Board of Auditors, and the results of voting at the Shareholders' General Meeting, must be released to the public by the deadlines and according to the procedures described above.

9.6 Transactions with and between Subsidiaries and/or affiliated companies

With the exception of the provisions of article 5(8) of the Regulations concerning periodic accounting information, transactions with or between subsidiaries, including those subject to joint control, are excluded from the application of any other provision of the Regulations, if the Subsidiary or affiliate which is a counterparty to the transaction does not have any significant interests of other parties related to YNAP.

The significance of interests belonging to other related parties in the Subsidiary or affiliate will be evaluated by the Administration Finance and Control Department (which, where deemed appropriate, may avail itself of the support of the Related-Party Transaction Committee). In any case the Administration Finance and Control Department reports as regards the outcome of the assessment carried out to the Chief Financial and Corporate Officer, who, where deemed appropriate, may defer the assessment to the Company's Board of Directors (which may avail itself of the support of the Related-Party Transaction Committee). The assessment is in any case carried out taking into account, *inter alia*, the existence of any shareholder relations between the Subsidiaries/affiliated companies of YNAP and other parties related to YNAP, or any financial relations between the Subsidiaries/affiliates on the one hand and other related parties of YNAP on the other.

As clarified in the Regulations, any interests deriving from the sharing of one or more directors or other directors with strategic responsibilities, between the Company and the Subsidiaries/affiliated companies will not be considered significant interests. However, interests will be considered significant if, in addition to sharing one or more directors or other directors with strategic responsibilities, those persons also benefit from bonus schemes based on financial instruments (or other forms of variable remuneration) linked to the profits of the Subsidiaries/affiliates with whom the transaction is conducted (see paragraph 21 of

the Communication on Application).

10 INFORMATION ABOUT RELATED-PARTY TRANSACTIONS

10.1 Internal information about minor related-party transactions

The Delegated Bodies, with the support of the Administration, Finance and Control Department and other persons involved in the transactions and/or with the support of the directors or competent divisions of the Subsidiaries, must provide to the Board of Directors, to the Related-Party Transaction Committee and to the Board of Auditors quarterly updates containing full and detailed information on the following:

- execution of transactions with significance under the Regulations and those transactions subject to exemption under article 13(2) and (3)(c) and 6 and article 14(2) of the Regulations, approved during the quarter in question, and the main characteristics and conditions of those transactions. The information also relates to related-party transactions carried out via Subsidiaries, subject to examination or approval by the YNAP Board of Directors and for which the YNAP Related-Party Transaction Committee has issued a non-binding opinion;
- implementation of framework decisions as set forth in paragraph 8 of the Procedure.

10.2 Public information about high-significance related-party transactions

When high-significance transactions are carried out, also via Subsidiaries, the Company must prepare a report under article 114(5) of TUF, according to the terms and conditions set out in article 5 of the Regulations and in accordance with the contents illustrated in Appendix 4 to those regulations.

"High-significance transactions" are those with related parties executed by YNAP directly or via the Subsidiaries, in which:

- **the value significance indicator**, i.e. the ratio between the exchange value of the transaction and the net equity of YNAP, or, if higher, the capitalisation of YNAP as at the last day on which the market is open for trading in the reference period for the most recently published accounts; or
- **the asset significance indicator**, i.e. the ratio between the total assets of the entity involved in the transaction and the total assets of YNAP, or
- **the liability significance indicator**, i.e. the ratio between the total liabilities of the entity involved in the transaction and the total assets of YNAP,

is higher than the 5% limit described in more detail in Appendix 3 to the Regulations and in the Communication on Application, to which reference should be made.

For the purposes of the disclosure obligations under this paragraph 10.2, also significant is the overrun of at least one of the above thresholds in several transactions concluded during the same year with the same related party, or parties related either to the latter or to YNAP, which are identical or executed as part of the same plan, and which, although not individually classified as high-significance transactions, have an aggregate or cumulative value which exceeds one of the above thresholds ("cumulative transactions").

10.3 Periodic information

In its interim and annual reports on operations, the Company provides details of the following:

- individual transactions identified as "high significance" under the terms of the Regulations, concluded during the reference period, also via Subsidiaries;
- any other individual related-party transactions as defined in article 2427(2) of the Italian Civil Code, concluded during the reference period, which may have significantly influenced the Company's equity situation or results;
- any change or development in related-party transactions described in the last annual report, which have had a significant effect on the equity situation or results of the Company during the reference period.

10.4 Related-party transactions and public disclosures under article 114(1) of TUF

If a related-party transaction, also if carried out via Subsidiaries, is also subject to the obligations on disclosure under article 114(1) of TUF, in addition to the information requiring publication under the terms of TUF, the public statement shall also include the following:

- indication that the counterparty to the transaction is a related party, and a description of the type of relationship;
- the name or company name of the counterparty to the transaction;

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- whether or not the transaction exceeds the materiality thresholds identified under paragraph 3 of these Procedures, and details of the possible publication of an information document under article 5 of the Regulations;
- the procedure completed or to be completed in relation to approval of the transaction, and in particular whether the Company relied on an exemption provided for under these Procedures under the terms of articles 13 and 14 of the Regulations;
- any approval of the transaction despite the conflicting opinion of the Related-party Transaction Committee.

According to the Communication on Application, for those cases in which the issuer does not publish a statement in accordance with Appendix 4 of the Regulations, either because the transaction does not exceed the materiality thresholds identified under article 4(1) of the Regulations or because the exemptions provided for under those Regulations and art. 9 of this Procedure apply, the information which may be relevant for the purpose of compliance with article 66(2)(a) of the Issuer Regulations (under which the statement publishing the privileged information must contain "information that allows a full and accurate evaluation of the events and circumstances represented") and which usually constitute reference criteria for the purpose of requests by CONSOB to publish additional information about such transactions, may include the following: the essential characteristics of the transaction (price, terms of execution, payment deadlines etc.), the financial reasons for the transaction; an explanation of the economic, capital and financial effects of the transaction; the method by which the payment is determined and considerations concerning its congruity with the market values of similar transactions; whether or not the financial conditions of the transaction are deemed equivalent to market or standard conditions and a declaration in that regard, an indication of objective references; any experts used to value the transaction and in that case an indication of the valuation methods used in relation to congruity of the consideration and a description of any criticalities highlighted by the experts in relation to that specific transaction.

ANNEXES

Annex I Consob Communication No. DEM/10078683, published on 24 September 2010, setting out "Indications and orientations for the application of the Related-Party Transaction Regulation adopted with resolution No. 17221 of 12 March 2010 as subsequently amended".

Annex II "Related-Party Transaction" Regulation, issued by Consob with resolution No. 17221 of 12 March 2010 (amended by subsequent resolution No. 17389 of 23 June 2010).

Annex III Questionnaire for the update of the Related-Party List.