

# 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**") on 16 December 2015 and on 1 March 2017, 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 March 12, 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 February 14, 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 paragraph of the TUF.

The Company applies this Procedure in accordance with CONSOB Communication DEM/10078683, published on September 24, 2010 containing "Guidelines for application of the Regulations on related-party transactions approved by decision no. 17221 of March 12, 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 concepts 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 Regulations<sup>1</sup>, annexed to this Procedure at "Appendix II".

On the basis of 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 who control YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 2) persons who are controlled by YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 3) persons who are subject to joint control with YNAP directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 4) persons who hold, 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 who exercise control over YNAP together with others, directly or indirectly, also via subsidiaries, trustees or intermediaries;
- 6) persons who exercise sole or joint control or a significant influence over YNAP by virtue of their involvement in a shareholders' agreement;

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<sup>1</sup> Despite the absence of any direct reference to IAS 24 – "Related Party Disclosures", adopted in accordance with the procedure in article 6 of Regulation (EC) 1606/2002 ("IAS 24"), when identifying the subjective perimeter of correlation and the concept of a related-party transaction, the 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).

# YOOX NET-A-PORTER GROUP

- 7) companies affiliated to YNAP;
- 8) entities who, directly or indirectly, also via subsidiaries, trustees or intermediaries, are controlled by an entity who, directly or indirectly, also via subsidiaries, trustees or intermediaries, owns a share in YNAP equal to at least 20% of the ordinary share capital of YNAP;
- 9) joint ventures in which YNAP has a shareholding.
- 10) 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, including non-executive directors, independent directors and standing auditors);
- 11) members of the close families of the persons indicated in 1), 4), 5), 6) and 10) above, i.e. any family members with the potential 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;
- 12) a company in which one of the persons named in 10) and 11) above exercises, directly or indirectly, control, joint control or significant influence, or holds a significant share of not less than 20% of the voting rights;
- 13) supplementary collective or personal pension schemes (Italian or foreign) set up for the benefit of employees of the Company or any other affiliated entity.

The Company's Administration, Finance and Control Department will update a list of the following at least once every three months, using information tools and with the help of other company departments if necessary: (i) the Company's main corporate functions and (ii) the directors and main corporate functions of the subsidiaries, companies exercising control over the Company, and affiliated companies within the meaning of Appendix 1 of the Regulations, a list of parties related to the Company (the "**List of Related Parties**").

For the purposes of updating the List of Related Parties, the Administration, Finance and Control Department will send the executives of YNAP with strategic responsibilities who exercise control over the Company within the meaning of Appendix I to the Regulations, the six-monthly questionnaire contained "Appendix III" of this Procedure. The executives must complete, sign and return the questionnaire to the AFC Department and must also promptly notify that Department of any changes to the information in their replies, 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 but not limited to the following, 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, if carried out by Subsidiaries, are connected to YNAP because of a prior examination or review by YNAP, in accordance with paragraph 7 of the Communication on Application, to which please refer.

## 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 regime 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 are approved by the YNAP Board of Directors, with the favourable opinion of a Committee formed exclusively of at least three independent directors appointed from time to time by the Board. 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 Internal Audit Function Manager are also invited, will also be attended by the Director responsible for drafting the accounts under article 154-bis of the TUF. The Committee's opinion will 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 Procedures and related amendments will be approved with the favourable opinion of those independent directors who are present, or in their absence, on the non-binding

opinion of an independent expert nominated by the Board of Directors. In that case the Committee's opinion will also be sent to the Board of Directors, at least one day before the meeting.

The Board of Directors will evaluate, at least once a year, whether or not to review the Procedure taking into account, inter alia, any reforms to laws and regulations, changes to the 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 responsible for drafting the accounts under article 154-bis of the TUF – in order to align the Procedure with the administrative and accounting procedures set out in that Act. The Procedure will also be sent to all those functions required to comply with it (such as the Internal Audit department, Internal Audit Function Manager and Board of Auditors).

Pursuant to and to the effects of art. 114, second paragraph of the TUF, the Administration, Finance and Control Department will also send the Procedure to the Directors and main corporate functions of the Subsidiaries, for information purposes and compliance within the scope of their responsibilities. For this purpose the Chairman of the Board of YNAP will send the Subsidiaries' executive bodies a communication, enclosing a copy of the Procedure, illustrating the instructions on the main areas of compliance to ensure that the processes governed by the Procedure are implemented effectively. 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 within the meaning of article 93 of the TUF.

The Procedure will be applied with effect from the approval date thereof by the Board of Directors and will be published immediately, after approval and any changes made by the Board, in the Corporate Governance section of the Company's website ([www.ynap.com](http://www.ynap.com)). By reference to the same site it will also be published in the annual report which also contains information on related-party transactions as required under article 2391-bis of the Italian Civil Code.

## **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 or not. They must refer, among other things, to the List of Related Parties and obtain assistance from the Company's Administration, Finance and Control Department, and the Legal & Corporate Affairs Office if necessary. If it is found that the counterparty to the transaction is a related party of YNAP, the Administration, Finance and Control Department must be notified promptly 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;
- the type and object of the transaction;
- the financial terms and conditions of the transaction;
- the expected timeframe;
- the reasons for 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 related persons.

If the terms and conditions are considered usual or standard for the market, the documentation 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 & Corporate Affairs Office, whether:

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

The Administration, Finance and Control Department, with the help of the Legal & Corporate Affairs Office, will also verify whether or not 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.

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

In the case described in (b) above, the Administration, Finance and Control Department will describe the checks carried out in the Archive of Related-Party Transactions (as defined below). With the help of the Legal & Corporate Affairs Office it will also fulfil any obligations under the terms of paragraph 9 below, or issue instructions in that regard to other departments.

The Administration, Finance and Control Department of the Company will prepare and keep a computerised 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 within the meaning of article 8 below); and
- related-party transactions, including those executed via the 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 persons called to authorise the transaction, who must always be informed of the existence of a relationship (type, origin and scope) and its possible influence on the decision to execute the transaction and define its terms and conditions; (iii) justification for the issuer’s motives – 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, as the Company is a smaller entity within the meaning of article 3 of the Regulations, its procedure on related-party transactions, including high-significance transactions (as identified in Appendix 3 to the Regulations), is identified according to the provisions of article 7 of the Regulations, subject to the sole 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 transaction.

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 the type, scope and characteristics of the transaction so require, 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 General Assembly is not competent

Subject to the Board of Directors' sole competence in relation to the matters indicated in the preceding paragraph, related-party transactions which are not within the competence of the General Assembly 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, justified 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 will then, having positively evaluated the transaction's feasibility, immediately inform the Related-Party Transactions Committee members in writing (via 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 material accuracy, a justified 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. If the Board of Directors obtains 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 independence at the time of his 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 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 directors responsible for conducting the negotiations or preparations) 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 to which it is subject, within three days (except where good cause can be demonstrated) 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 called to approve the transaction, a member of the Related-party Transaction Committee delegated for that purpose must explain to the Board the justified opinion of the Committee.

If minutes of the decision (of the Board of Directors or other corporate body) are drafted, they must contain appropriate justification of the Company's interests in carrying out the transaction, to its suitability, its material accuracy and the related conditions. They must also mention the main elements of the Related-Party Transaction Committee's opinion or that of the Committee's alternates, if applicable. If approval of the related-party transaction is within the competence of the executive directors or directors with authority to approve it, the motivation for the Company's interest in carrying out the transaction, its suitability and material accuracy of the related conditions, and an explanation of the main elements of the opinion, will be given to the Board of Directors and the Board of Auditors during the next available meeting.

Subject to article 114(1) of the TUF, in the event that one or more transactions are approved despite the Related-Party Transaction Committee having given a negative opinion, the Board of Directors, with the support of the Administration, Finance and Control Department, the Legal & Corporate Affairs Office 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](http://www.ynap.com).

## **6.2. Transactions within the competence of the General Assembly**

If a transaction is within the competence of the General Assembly or must be authorised by the latter, 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 assembly by the Board of Directors.

If expressly provided for in the Company's bylaws and subject to article 5 of the Regulations, if applicable, in urgent cases related to "crisis" within the Company, the transactions may be concluded notwithstanding the provisions of the foregoing paragraph, provided that: (i) the body convening the assembly prepares 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 will be made available to the public at least twenty-one days prior to the date set for the assembly 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 will 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. Unless there is proven good cause, the opinion must be given within three days 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 General Assembly, the above procedure will be applied (with the necessary amendments) for the proposed resolution to be submitted to that assembly.

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 period in question, 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) transactions with a negligible value referred to in paragraph 9.1 below;
- b) payment plans based on financial instruments approved by the General Assembly under the terms of article 114-bis of the 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 General Assembly 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 the duly authorised person at YNAP or executive directors, or directors authorised by the Subsidiaries.

For the purpose of the Procedures, "low-value transactions" means those with a value of less than Euro 100,000,000 (one million).

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

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

Payment plans under article 114-bis of the 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 directors 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 directors 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, formed exclusively of a majority of non-executive 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 the General Assembly of YNAP;
- the fees allocated must be consistent with the remuneration policy. Consistency with the remuneration policy is assessed by the Company's Remuneration Committee.

## 9.4 Ordinary transactions concluded under market or standard conditions

### 9.4.1 Identification of ordinary transactions concluded under market or standard 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 "concluded under market or standard conditions" means, under article 3(1)(e) of the Regulations, those transactions concluded under conditions identical to those usually applied to non-related parties for transactions of a corresponding type, scope and risk, i.e. based on regulated tariffs or prices imposed on or applied by persons 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 Direction (which, where deemed appropriate, may avail itself of the support of the Related-Party Transaction Committee); the Administration Finance and Control Direction 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 the 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 General Assembly and not requiring approval by the latter, subject to compliance with the obligations stipulated 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 its 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;
- the transaction must, subject to its effectiveness, be the subject of a non-binding resolution of the first available General Assembly;
- the Board of Directors convening the General Assembly 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 General Assembly of its considerations regarding that urgency;
- the reports of the Boards of Directors and Auditors referred to above must be provided to the public at least twenty-one days prior to the date set for the General Assembly 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 General Assembly 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. The transaction must, subject to its effectiveness, be the subject of a non-binding resolution of the first available General Assembly of YNAP, to which the Board of Directors must submit a report containing adequate justification for the urgency. The Board of Auditors of YOOX must draw up a specific report in which it informs the General Assembly 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 General Assembly, 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 Direction (which, where deemed appropriate, may avail itself of the support of the Related-Party Transaction Committee). In any case the Administration Finance and Control Direction 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 the Board of Directors, Related-Party Transaction Committee and Board of Auditors with 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;
- on 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 the 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 the TUF

If a related-party transaction, including one carried out via the Subsidiaries, is also subject to the obligations on disclosure under article 114(1) of the TUF, the public statement must contain not only the information requiring publication under the terms of the TUF, but also the following:

- an 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;
- 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;

# YOOX NET-A-PORTER GROUP

- 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 granted 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.