

# YOOX NET-A-PORTER GROUP

## MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR 2016

This statement has been published in accordance with the Modern Slavery Act 2015 and sets out the steps that YOOX NET-A-PORTER GROUP has taken and continues to take to ensure that modern slavery and human trafficking is not taking place within our business and supply chain.

### Introduction

Modern slavery includes slavery, servitude, human trafficking and forced labour. YOOX NET-A-PORTER GROUP (YNAP, the Group, or 'we') has a zero tolerance approach to any form of modern slavery. As a signatory to the United Nations Global Compact, we are fully committed to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within our business and our supply chain.

More broadly, we are committed to acting responsibly in all business dealings, from our vision right through to our day-to-day actions. We are committed to acting transparently as outlined in our sustainability report.

### Our business and supply chains

We are the world's leading online luxury fashion retailer. The Group is a global company with Anglo-Italian roots, and is the result of a merger which in October 2015 brought together YOOX GROUP and THE NET-A-PORTER GROUP. Both companies have been working in the luxury fashion industry since 2000.

- Over **180 Countries served**
- **8 Local Offices** (Milan, Bologna, UK, US, Japan, China, Hong Kong)
- **7 Distribution Centres** (US, UK, Italy, Hong Kong, Japan)
- **4,128 employees**

Integrating two businesses in a rapidly transforming industry has been highly challenging. This recent transition has raised challenges in merging business structures, policies and practices. Whilst doing so is of high priority to the Group – it remains an ongoing process. As such, the scope of some of the instruments which we are currently using towards combatting modern slavery may at present cover *either* legacy Net-A-Porter Group, *or* YOOX NET-A-PORTER GROUP S.p.A. (YNAP S.p.A.), as the following sections of this statement will make clear. We are, however, working to harmonise these practices across the Group as a whole going forwards.

The Group covers three distinct business lines to cater to their respective customer bases with unique and highly-differentiated value propositions. The Group has both in-season and off-season online stores. In-season refers to proprietary businesses where YNAP operates as an e-tailer for the season's luxury fashion collections - and includes its multi-brand in-season online stores NET-A-PORTER and MR PORTER. Off-season refers to proprietary businesses where YNAP operates as an e-tailer mainly for the previous-season designer fashion - and includes its multi-brand off-season online stores YOOX and THE OUTNET. The Group also has numerous ONLINE FLAGSHIP STORES "Powered by YNAP", which are based on relationships with leading fashion and luxury brands, for which YNAP is the exclusive partner.

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We have offices and operations in the United States, Europe, Japan, China and Hong Kong, and deliver to more than 180 countries around the world. We have 8 local offices and 7 distribution centres, which employ a total of 4,128 employees.

Procurement for the multi-brand online stores is achieved via an international portfolio of suppliers of thousands of brands with different levels of involvement. We have various direct suppliers around the globe, from which we buy our stock and materials for sale. As a large global organisation, we have many other indirect supply chains, which relate to general business operations. These include - but are not limited to - transport, editorial, customer care, marketing, offices management and technology.

## Policies

As well as meeting high quality standards in supply chain management, we are committed to ensuring that: working conditions in our supply chains are safe; workers are treated with respect and dignity; manufacturing processes are ethically and environmentally responsible and; the conduct of our business is based on principles of integrity, honesty and fairness.

YNAP's Code of Ethics has been prepared to ensure that the ethical standards adopted by the Group are clearly defined and represent a fundamental part of the corporate culture. They also intend to act as the benchmark for behaviour by all those who work with the Group in the conduct of business and, in general, the performance of their activities. This includes specific reference to the exploitation of labour, and to discrimination based on gender or sexual orientation, race, class, nationality, language, religion, political and philosophical beliefs, political or union affiliation and association, health, disability and age. This Code of Ethics forms an integral part of the prevention and safeguard system currently being adopted by YNAP in accordance with Articles 6 and 7 of Italian Legislative Decree no. 231 of 8 June 2001, which deals with the prevention of criminal liability of legal entities in Italy.

The Group intends to promote a corporate culture characterised by honest and transparent behaviour and a robust corporate governance system. Our Whistleblowing Policy deals with all types of concerns regarding suspected or alleged violations by YNAP's management, members of corporate bodies, and employees or third parties. It allows all aforementioned recipients an opportunity to anonymously report any suspected wrongdoings or dangers at work, which can provide evidence leading to appropriate remediation. This is detailed in the policies and procedures of the Group, with specific regard to the principles and requirements outlined in the Code of Ethics, Anti-Corruption Compliance Program, Organizational, Management and Control Model.

The prevention of forced and child labour, harsh treatment and harassment as well as principles of Freedom of Association and Non-Discrimination are key elements of the Net-A-Porter Group Supplier Code of Conduct, which is applicable to all multi-brand online store suppliers. This Supplier Code of Ethics is modelled on the Universal Declaration of Human Rights and the International Labour Organization (ILO) conventions, which established international human and labour rights.

YNAP S.p.A., through the Policy on Social Accountability and the Adoption of Standard "SA8000" promises to comply with the principles and requirements prescribed by international standard SA8000:2008 - the transition to the SA8000:2014 version is currently in progress. To render the commitment to comply with the requirements of SA8000 fully effective, YNAP S.p.A. has prepared and

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disseminated benchmark procedures, which include 'Procedure SA8000 - Remedy for child and minor labour' and 'Procedure SA8000 - Management of indications'.

The Group's Policy on Procurement of goods and services not intended for sale (also known as indirect or 'non-stock' procurement), applicable from January 2017, aims to regulate the activities connected to evaluating and verifying the ethical, legal and financial integrity of such suppliers. As part of the process of 'Certification and management of register of suppliers', suppliers are asked to provide specific declarations on acceptance of the Code of Ethics, of Model 231, and compliance with the principles and requirements of International Standard SA8000.

We feel that these policies are the basis for a robust approach to combatting modern slavery and human rights and so we are not currently pursuing the creation of a separate Human Rights Policy.

## Due Diligence, contractual controls and supplier audit

Our standard terms and conditions include specific clauses and principles of the SA8000 standard which are formally brought to the attention of and acknowledged by the suppliers in a signed declaration. Compliance with the principles is a requirement of doing business with YNAP S.p.A.. The Group works with its suppliers to support their compliance, and reserves the right to take action against those that do not demonstrate sufficient commitment to the Principles, or are in breach of them.

Suppliers of YNAP S.p.A. are required to undergo audits and verifications to examine compliance with the requirements of SA8000 and implement any improvement actions. In addition, Net-A-Porter Group's right to review and conduct audits and / or physical inspections of its suppliers' facilities and records is included in the Supplier Code of Conduct. Currently, the Group is planning its audit activities and is defining future targets on the degree of coverage of its suppliers that may be reached through such activities.

All indirect suppliers registering with YNAP S.p.A. need to declare that they acknowledge and agree to the SA8000 policy and terms. This establishes the option for us to carry out SA8000 audits on any such entities.

We are currently examining how we can schedule the frequency of this audit process in the future, based on the level of supplier risk.

## Assessing risk within our supply chain

Selected categories of suppliers to Net-A-Porter, i.e. packaging, editorial and private labels have been asked to register on SEDEX, the Supplier Ethical Data Exchange organisation that aims to driving improvements in ethical and responsible business practices in global supply chains, and complete the self-risk assessment. The output will be used to perform an internal risk assessment exercise aimed at identifying those vendors that will be subject to audit verifications. Currently this does not cover YNAP S.p.A. suppliers. YNAP S.p.A. suppliers, however, are subject to SA8000 obligations as previously mentioned. Consequently, we believe that YNAP as a whole is equipped with practices aiming to

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highlight and combat modern slavery.

Net-A-Porter Group has considered industry specific materiality regarding human rights, which can be more significant with regard to in-season product supply chains. The Group is currently working on the renewal of its certification to the Responsible Jewellery Council (RJC), taking into consideration the recent merger and the organisational changes which have occurred. This would then mean the management system for the YNAP Group will be certified to RJC standards by the end of 2017.

Net-A-Porter Group has identified a further high risk sourcing area of 'dirty gold'. We address this via our Supplier Code of Ethics. This requires that all suppliers of gold provide assurance that it has been mined in a manner which respects human and labour rights.

Going forwards, we will be working with an external partner to develop an algorithm-based procedure to determine the risk level of our suppliers, based on a number of factors including their role and location. Our external partner will then provide risk monitoring for the highest risk suppliers – and we will work to develop our own practices for monitoring the medium and lower risk suppliers.

## Training

We understand the importance on providing regular training on human rights and modern slavery. Within YNAP S.p.A., all employees receive training in the SA8000 standard. We provide informal, ongoing, demand-based support to suppliers following initial SA8000 training in response to any questions or issues raised. We are currently defining training requirements to cover additional training sessions for other teams which we consider to work in high risk areas. We are also developing a training scheme which will communicate the whistleblowing policy to all employees of YNAP. Furthermore, we provide training on the RJC standards to all logistics personnel.

## Key performance indicators

In order to assess the effectiveness of measures taken, the Group will further improve the set of key performance indicators already monitored for the SA8000 standard and will report on them in future Modern Slavery Statements. This will include at least the following areas:

- Staff training: including the number of staff trained, the number of supplier organisations trained, and the level of training which core staff and supplier staff have received
- Audits
- Cases of whistleblowing
- Remediation cases

## Looking ahead

YOOX NET-A-PORTER GROUP continues to develop its approach to human rights. We are confident that the actions we will take to assess the risk levels of our suppliers will help us to monitor them appropriately to reduce the likelihood of the occurrence of modern slavery. Additionally, we are committed to

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continued harmonization of the scope of our policies and practices, and the extension of training for employees and our suppliers. Beyond this commitment, the Group will continue to discuss the extension of SA8000 at Group level, and the formalisation of our SA8000 audit process.

## Approval for this statement

This statement was approved by the Board of Directors of YOOX NET-A-PORTER GROUP S.p.A. and The Net-a-Porter Group Ltd.

Gianluca Gaias  
Security, Risk & Compliance Director  
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