

# YOOX NET-A-PORTER GROUP

Extraordinary Shareholders' Meeting  
16 December 2015 – single call  
Directors' Report on the second item on  
the Agenda

(PREPARED IN ACCORDANCE WITH ARTICLES 114-BIS AND 125-TER OF LEGISLATIVE DECREE 58/1998, AS  
SUBSEQUENTLY AMENDED AND SUPPLEMENTED)

STOCK OPTION PLAN 2015 - 2025 COVERING ORDINARY SHARES OF YOOX NET-A-PORTER GROUP S.P.A. RESERVED FOR DIRECTORS, MANAGERS AND EMPLOYEES OF YOOX NET-A-PORTER GROUP S.P.A. AND ITS SUBSIDIARIES SUBJECT TO THE REVOCATION OF THE "2014 - 2020 STOCK OPTION PLAN" APPROVED BY THE ORDINARY SHAREHOLDERS' MEETING OF 17 APRIL 2014. RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

We submit for your approval, pursuant to Art. 114-bis of Italian Legislative Decree 58/1998, as subsequently amended and supplemented ("TUF"), a loyalty incentive scheme (the "**Stock Option Plan 2015-2025**" or "**New Plan**") reserved for directors, managers and employees of YOOX NET-A-PORTER GROUP S.p.A. ("**YNAP**" or the "**Company**") and its direct or indirect subsidiaries pursuant to Art. 93 of the TUF (the "**Subsidiaries**"), to be implemented by granting options free of charge for the subscription of ordinary newly issued YNAP shares resulting from a share capital increase, through cash consideration, with the exclusion of pre-emptive rights pursuant to Art. 2441, paragraphs 5 and 6 of the Italian Civil Code, subject to the revocation of the "2014 - 2020 Stock Option Plan" approved by the Ordinary Shareholders' Meeting on 17 April 2014 (the "**2014 - 2020 Plan**").

Note that the proposal to increase the share capital to service the New Plan, as illustrated in a specific report, prepared pursuant to Art. 125-ter of the TUF and Art. 72 of Consob Regulation 11971/1999, as subsequently amended and supplemented (the "**Consob Regulations**"), will be submitted for the examination and approval of the Company's Extraordinary Shareholders' Meeting to be held on 16 December 2015, on single call, as the second agenda item and subject to the revocation by the latter of the resolution to increase the share capital approved by the Company's Extraordinary Shareholders' Meeting on 17 April 2014. For more information on the proposal to increase share capital to implement the Stock Option Plan 2015 - 2025, see the related illustrative report as well as the summary illustration in Paragraph 2 below.

The Informative Document on the Stock Option Plan 2015-2025, prepared pursuant to Art. 84-bis of Consob Regulations and in compliance with Annex 3A of the same regulations, will be made available to the public according to legal procedures and deadlines.

## 1. REASONS FOR ADOPTING THE STOCK OPTION PLAN 2015-2025

The Board of Directors is submitting the proposal for the adoption of the New Plan for the examination and approval of Shareholders. The New Plan is for up to 6,906,113 ordinary YNAP shares reserved for directors, managers and employees of YNAP and the Subsidiaries subject to the revocation of the 2014 - 2020 Plan.

Note that as a part of the transaction to combine the businesses of YOOX S.p.A. and The NET-A-PORTER GROUP, which was carried out through the merger by absorption (the "**Merger**") of Largenta Italia S.p.A. into YOOX S.p.A. (currently YOOX NET-A-PORTER GROUP S.p.A.), which went into effect on 5 October 2015, the Company, as one party, and Compagnie Financière Richemont S.A. and Richemont Holdings UK Limited, as the other party, signed an agreement on 31 March 2015 containing relevant shareholders' agreements pursuant to Art. 122 of the TUF ("**Shareholders' Agreement**"), which, among other things, contains provisions concerning the adoption of new incentive plans by the company resulting from the Merger. In particular, the Shareholders' Agreement specifies that following the effective date of the Merger, and in accordance with the principles indicated in the agreement, the appropriate bodies of the Company shall approve the adoption of new share-based incentive plans, and up to 5% (calculated on a fully diluted basis) of share capital of the company resulting from the Merger shall be reserved to the implementation of these plans, of which a portion is to be assigned to the Chief Executive Officer (as defined below). In view of the significant change in the scope of the business of the Company and the group heading it as a result of the Merger, the Shareholders' Agreement assumes that the 2014 - 2020 Plan, which was never implemented, will be revoked at the same time.

The Company, therefore, in line with well-established widespread practices, including at an international level, and in keeping with the practices followed by the Company in previous years, confirms that it believes that the Stock Option Plan 2015 - 2025 is an instrument that is capable of focusing the beneficiaries' attention on strategically important factors, enhancing their loyalty and providing incentives for them to stay with the Company. The New Plan also offers, for persons holding strategic roles vital for the success of both the Company and the Group, an ongoing incentive to maintain appropriate management standards and improve the Group's performance in line with the targets set, thereby also increasing the Group's competitiveness and creating value for Shareholders.

With regard to incentive remuneration based on stock option plans, note that, inter alia, the adoption of share-based remuneration plans is in line with the recommendations of Art. 6 of the Code of Conduct of Borsa Italiana S.p.A. (the "**Code of Conduct**") and with the principles contained in the "Remuneration Policy" adopted by the Company.

The proposal to adopt the Stock Option Plan 2015 - 2025 was formulated by the Board of Directors, with the abstention of the

Chief Executive Officer (as defined below), on the proposal of the Remuneration Committee.

## 2. SCOPE AND PROCEDURES FOR IMPLEMENTING THE STOCK OPTION PLAN 2015-2025

The Stock Option Plan 2015-2025 provides for the free allocation to each of the beneficiaries within the category of recipients indicated in Paragraph 3 below (the "**Beneficiaries**"), of options (the "**Options**"), which grant to the Beneficiary the right to subscribe the ordinary shares to which he/she is entitled after exercising the Options (in the ratio of 1 ordinary share for each Option exercised), at a price which shall be established in an amount equal to the arithmetic mean of the official prices recorded by YNAP ordinary shares on the Mercato Telematico Azionario ("**MTA**"), the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A., on trading days prior to the Granting Date (as defined below) of the Options and the day falling on the same date of the day when the option are granted of the preceding calendar month (the "**Strike Price**").

The proposal is to fix the overall maximum number of YNAP ordinary shares to be issued for the implementation of the Stock Option Plan 2015 - 2025 to 6,906,133 ordinary shares.

As at the date of this Report, the subscribed and paid-up share capital of YNAP totaled EUR 1,301,258.85, consisting of 130,125,885 shares, of which 85,220,252 ordinary shares and 44,905,633 shares with no voting rights, called B Shares, all with no par value.

The maximum number of ordinary shares to be issued for the implementation of the New Plan is equal to approximately 5% of the "fully diluted" share capital of the Company, including the capital increase for the implementation of the New Plan (equal, overall, to 138,122,666 shares). "Fully diluted" share capital means the issued and subscribed share capital in the case of full exercise of the options granted in execution of the existing stock option plans of the Company.

For the sake of completeness, it is noted that the maximum number of ordinary shares to be issued for the implementation of the Stock Option Plan 2015-2025 is equal to approximately 5,3 % of the issued and subscribed share capital at the date of this Report (equal, overall, to 130,125,885 shares).

In order to execute the New Plan, as described above, a proposal will be submitted to the Company's Extraordinary Shareholders' Meeting called on 16 December 2015, on single call, as the first agenda item for this meeting, to approve a share capital increase, to be completed by 31 December, 2025, through cash consideration, by a maximum amount of EUR 69,061.33 to be fully allocated to share capital, with the addition of any share premium - by issuing a maximum of 6,906,133 ordinary shares with no par value, and regular dividend rights, reserved for subscription by the Beneficiaries of the Stock Option Plan 2015 - 2025, and therefore excluding pre-emptive rights pursuant to Art. 2441, paragraphs 5 and 6 of the Italian Civil Code, at an issue price, corresponding to the arithmetic mean of the official prices recorded by YNAP ordinary shares on the MTA during the trading days between the day prior to the Granting Date (as defined below) of the Options and the day falling on the same date of the day when the option are granted of the preceding calendar month, subject to the same Shareholders Meeting's revocation of the resolution to increase share capital approved by the Company's Extraordinary Shareholders' Meeting on 17 April 2014. For further information on the proposal to increase the share capital servicing the New Plan, refer to the related explanatory report prepared pursuant to Art. 125-ter of the TUF and Art. 72 of Consob Regulations, which is available to the public until the legal deadlines and can be viewed on the Company's website [www.ynap.com](http://www.ynap.com) (Corporate Governance - Shareholders' Meeting).

The Company will provide the Beneficiary with the ordinary shares to which he or she is entitled following the exercise of the Options in accordance with the deadlines and procedures established in regulations for the Stock Option Plan 2015 - 2025.

The ordinary shares of the Company assigned to Beneficiaries (following the exercise of the Options) will have the same dividend rights as the ordinary shares of the Company at the date of the issue, and will therefore carry the coupons in effect at that date.

The Stock Option Plan 2015-2025 will not receive any financial support from the Special Fund to Provide Incentives for Employee Participation in Companies as referred to in Art. 4, paragraph 112 of Law 350 of 24 December 2003.

## 3. RECIPIENTS OF THE STOCK OPTION PLAN 2015-2025

The Stock Option Plan 2015 - 2025 targets individuals who, on the date the Options are granted (the "**Granting Date**") hold the position of director at the Company or Subsidiaries, or who have an employment relationship with the Company or a Subsidiary.

On the Granting Date, the Company's Board of Directors will identify the individual Beneficiaries from the aforementioned category and the number of Options to be granted to each Beneficiary, as well as the terms and conditions for exercising the Options according to their role, and the professional expertise and responsibilities that each of them has within the Group's organisational structure, without prejudice to the requisite proposal by the Remuneration Committee when the allotment is to be made to directors or managers with strategic responsibilities.

The Board of Directors shall have all powers necessary or appropriate to implement the New Plan, and in particular, all powers to identify Beneficiaries and determine the number of Options to assign to each of them, assign Options to Beneficiaries and carry out any act, duty, formality and notification that is necessary or appropriate for the purposes of managing and/or implementing the plan, including the Stock Option Regulation, with the ability to delegate its powers, duties and responsibilities concerning the execution and application of the Stock Option Plan 2015 - 2025 to the Chairman, Vice-Chairman and/or to one or more of the Company's directors in office pro tempore, on a joint or several basis (in this case, all references in the Stock Option Plan 2015 - 2025 to the Board of Directors shall be understood to refer to the Chairman, Vice-Chairman or one or more directors of YNAP), it being understood that all decisions related to and/or concerning the assignment of Options to Beneficiaries, who may also include the Chairman, Vice-Chairman and or directors of YNAP (as well as any other decision related to and/or concerning the management and/or implementation of the plan with respect to them) shall fall under the sole responsibility of the Board of Directors. The Board of Directors is in any case in charge of approving the New Stock Option Plan regulation, which may also define a timing for granting the Options which may be limited for the purpose of considering the possible disclosure of information qualified as relevant pursuant to Art. 114, paragraph 1, of TUF, and for making any amendment and/or addition to such regulation.

The Remuneration Committee performs its consulting and advisory functions regarding the implementation of the Stock Option Plan 2015 - 2025 in accordance with the Corporate Governance Code and the "Remuneration Policy" adopted by the Company taking into account the clarifications provided in this Report.

#### 4. DURATION OF STOCK OPTION PLAN 2015-2025 AND THE EXERCISE OF THE OPTIONS

The deadline for the Stock Option Plan 2015 - 2025, understood as the deadline for the share capital increase to service the allotment of shares deriving from the potential exercise of the Options, is 31 December 2025.

The number of Options to be granted to each Beneficiary will be determined from time to time by the Board of Directors, taking into consideration the role, professional capabilities and responsibilities of each Beneficiary within the Group's organisational structure, without prejudice to the requisite proposal by the Remuneration Committee when the allotment is to be made to directors or managers with strategic responsibilities.

The Board of Directors will also be entitled to set, within the provisions of the Stock Plan 2015-2025 regulation, a timing for granting the Options which may be limited for the purpose of considering the possible disclosure of information qualified as relevant pursuant to Art. 114, paragraph 1, of TUF.

The Options allotted from time to time to each Beneficiary will be exercisable in three tranches, for an amount equal to 1/3 of the total Options allotted to the Beneficiary. A vesting period will be applied to the Options allotted in each tranche, and they can be exercised subject to the achievement of cumulative two-year performance targets, to be determined by the Company's Board of Directors.

Specifically, the exercise of the Options allotted in each tranche is subject to verification that the cumulative "adjusted Group EBIT" targets, determined based on the YNAP Group's budget, have been achieved for the two years in question (for each tranche, understood as the financial year in which the performance assessment period starts and the following financial year (hereinafter, the "**Two-year Target**").

When deemed necessary and with the favourable opinion of the Remuneration Committee, the Board of Directors will continue to have the power to make amendments and/or additions deemed necessary for determining performance targets in order to ensure the best management of the Stock Option Plan 2015 - 2025 in the interest of the Company and in accordance with the purposes of the plan.

For each allotment tranche, a calculation method will be used that takes account of any negative variance from the Two-year Target to determine the number of Options that can actually be exercised. This calculation method includes (i) a minimum limit for the Two-year Target, below which the Options granted for each reference tranche will lapse and be considered invalid, and (ii) a maximum level for the Two-year Target, which will determine the right to exercise 100% of the Options granted for each reference tranche. Intermediate thresholds falling between the minimum and the maximum for the Two-year Target will be set by the Board of Directors when the target itself is set. The calculation method also envisages that the Beneficiary will be entitled to exercise a number of Options amounting to between 60% and 100% of the Options allotted in each tranche if performance within the minimum and maximum thresholds for the Two-year Target is achieved.

The Stock Option Plan 2015 - 2025 specifies that the Board of Directors may, during specific periods during the year and for just cause, suspend the exercise of Options by Beneficiaries if this is in the Company's interest and/or appears appropriate with respect to market protection requirements. In this case, the Board of Directors shall provide a special written notice to all Beneficiaries.

The Stock Option Plan 2015 - 2025 also stipulates that the exercise of Options by Beneficiaries shall be suspended during the

period:

- from the date the meeting of the Board of Directors was held that approved the Shareholders' Meeting called to approve (i) the annual financial statements and, at the same time, the proposed distribution of dividends or (ii) the proposed distribution of extraordinary dividends, and
- the date the related meeting is actually held (including both such dates).

If the Shareholders Meeting approves the distribution of a regular or extraordinary dividend, the suspension period shall end, in any event, on the day following the ex-dividend date.

With regard to the Company's chief executive officer in office at the date of this Report (the "Chief Executive Officer"), taking into account, and therefore in accordance with, the management agreement that governs existing relations (also at the date of this Report) between the Company and the CEO (the "Management Agreement"), and subject to the exercise procedures indicated above, the Chief Executive Officer may exercise Options granted to him/her in advance upon the occurrence of the following events (to be confirmed by the appropriate bodies):

1. change of control pursuant to Art. 93 of the TUF, even if this does not trigger the requirement to launch a public purchase offer (the "Change of Control");
2. termination of a Company director for any reason other than: (i) voluntary resignations not due to the Change of Control or the occurrence of the scenarios indicated in items 3 and 4 below; and (ii) termination substantiated by a serious failure to fulfil his/her management duties;
3. revocation or reduction of powers without the prior written consent of the Chief Executive Officer;
4. appointment of an individual with all or some powers similar to those of the Chief Executive Officer without the prior written consent of the latter;
5. no renewal, for any reason, in the position of the Company's chief executive office at the end of the term under way at the date of this Report.

A similar option to exercise the Options in advance in the event of a Change of Control will also be included in the regulations for the New Plan for managers with strategic responsibilities and, at the discretion of the Board of Directors, for other key persons.

In the event of extraordinary capital-related transactions and other transactions that may result in a change in the number of underlying instruments, the Board of Directors shall, when necessary, make the usual adjustments in accordance with generally accepted methodologies.

A condition for participating in the Stock Option Plan 2015 - 2025 is the maintenance of a director or employment relationship with YNAP or a Subsidiary, depending on the title of the Beneficiary (the "Relationship") and pursuant to the terms to be established in the regulations for the New Plan. These regulations may, if deemed appropriate by the Board of Directors, also govern the treatment of Options assigned in the event of an interruption in the Relationship.

With respect to the Chief Executive Officer, and in accordance with the provisions of the Management Agreement in effect at the date of this Report, good leaver situations include the following events: (i) termination of a director for any reason other than voluntary resignation or dismissal substantiated by a serious failure to fulfil his/her management duties; (ii) revocation or reduction of powers assigned to the CEO without his/her prior written consent; (iii) appointment of an individual with some or all powers similar to those assigned without his/her prior written consent; (iv) failure, for any reason, to renew the position of the Company's Chief Executive Officer at the end of the term under way at the date of this Report.

## 5. LIMIT TO TRANSFERRING THE OPTIONS

The Options shall be assigned to individuals, and may only be exercised by Beneficiaries under the terms indicated in the Plan's regulations. Options granted may not be transferred for any reason, except on death, or be negotiated, pledged or encumbered with any other right in rem and/or furnished as security by the Beneficiary, either by act inter vivos or in application of legislative provisions.

It should be noted that there will be no restrictions on the transfer of YNAP's ordinary shares acquired after the exercise of Options.

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Dear Shareholders,

In consideration of the above, we would ask you to pass the following resolutions:

# YOOX NET-A-PORTER GROUP

"The Extraordinary Shareholders' Meeting of YOOX NET-A-PORTER GROUP S.p.A.,

- having examined and approved the Illustrative Report prepared by the Board of Directors,
- and taking into consideration that the plan called the 2014 - 2020 Stock Option Plan was never executed,

## RESOLVES

- (i) to revoke the resolution establishing the stock option plan called "2014 - 2020 Stock Option Plan" approved by the Ordinary Shareholders' Meeting of YOOX NET-A-PORTER GROUP S.p.A. (formerly YOOX S.p.A.) on 17 April 2014, which therefore is to be considered null and void;
- (ii) to approve, pursuant to Art. 114-bis of Legislative Decree 58/1998, the implementation of a new stock option plan, known as the "Stock Option Plan 2015 - 2025", with the characteristics (including the conditions and pre-requisites for implementation) indicated in the Board of Directors' Report (attached as Annex A), granting a mandate to the Board to adopt the related regulation;
- (iii) to confer on the Board of Directors all the necessary and appropriate powers to execute the "Stock Option Plan 2015 - 2025" including, but not limited to, all powers to identify beneficiaries and determine the number of options to be granted to each of them, to allocate the options to the beneficiaries and to carry out any act, duty, formality or notification as necessary or appropriate for managing and/or implementing said plan, including the related regulation, with the right to delegate its powers, duties and responsibilities regarding the execution and application of the plan to the Chairman, Vice Chairman and/or one or more directors of YOOX NET-A-PORTER GROUP S.p.A. in office pro tempore, on a joint or several basis, it being understood that all decisions related to and/or concerning the granting of Options to Beneficiaries who are also the Chairman, Vice Chairman and/or a director of YOOX NET-A-PORTER GROUP S.p.A. (as well as any other decision related to and/or concerning the management and/or implementation of the plan with respect to them) shall fall under the sole responsibility of the Board of Directors. The Board of Directors is in any case in charge of approving the "Stock Option Plan 2015 - 2025" regulation and of making any amendment and/or addition to the same."

Milan, 11 November 2015  
Updated on 16 November 2015

For the Board of Directors  
Raffaello Napoleone, Chairman