

ANTITRUST POLICY

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PRADA Group

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— 1. Introduction

The Prada Group is fully aware of the negative impact that anticompetitive (antitrust) practices can have on the economic and social development of the areas in which it operates and is thus committed to preventing and combatting anticompetitive conduct in the performance of its business, in accordance with the applicable national and international regulations.

Antitrust Legislation now plays a key role in regulating companies that operate in a variety of sectors. Therefore, to ensure full compliance, and given that Prada S.p.A., the Group's operating holding company, is mainly subject to EU regulations, the Prada Group has based this Policy on the principles of EU antitrust regulations, which represent an international benchmark.

Specifically, the need to adopt a policy aimed at disseminating an antitrust culture throughout the Group is also due to the fact that antitrust authorities conduct close monitoring through inspections (dawn raids) and take severe measures (public enforcement) in the event of non-compliance with competition rules. Breaches of these rules therefore expose the Group to the risk of very significant penalties – **up to 10% of the Group's turnover under EU law** – or damages claims by parties harmed by anticompetitive practices (private enforcement).

Furthermore, in some cases, and depending on the jurisdiction in which the anticompetitive conduct occurs, the managers and/or employees who materially carried out the unlawful conduct can be subject to personal administrative and criminal penalties.

— 2. Objectives

For the Prada Group, prevention of anticompetitive practices and compliance with the general legal and regulatory framework are two of the principles based on which the Group operates/its core principles, in line with the general principle of legality enshrined in its Code of Ethics, which sets out the values that inspire the Group to achieve its objectives and the related principles in the conduct of its business.

In introducing this Policy, the Prada Group thus sets out in an organic and unified framework the principles and rules of Italian and EU regulations and all the rules of conduct already in place within the Group to prevent and combat anticompetitive practices, with the aim of further increasing Addressees' awareness of the rules to follow and the conduct to adopt.

This Policy is to be applied by all Prada Group Companies in the countries where the Group operates. It provides each Group Company with a useful reference framework for [identifying and achieving the objectives for] preventing the anticompetitive practices mentioned in this Policy and in applicable legislation, thereby consolidating compliance with the principles protecting competition.

— 3. Scope of this Policy

This Policy is issued by Prada S.p.A., in its capacity as the Group's parent company, and must be applied by all Group Companies, with any adjustments necessary to comply with applicable local regulations, as further specified in section 3.1 below.

All Addressees are required to comply with Antitrust Legislation and this Antitrust Policy.

If any provisions of Antitrust Legislation are stricter than those set out in this Policy, the provisions of Antitrust Legislation must still be complied with, and any breach of Antitrust Legislation will constitute a breach also of this Policy.

3.1. Application of this Policy by Group Companies

Every Group Company, whether Italian or foreign, is required to comply with this Policy.

If a Group Company needs to adapt this Policy to comply with national regulations, Prada must be informed of and approve any such adaptation in advance.

Each Group Company may adopt all additional prevention and control tools necessary to mitigate its

specific risks and regulate the specific processes of its operations, taking into account the applicable legal and operational regulations.

This Policy will come into effect for all Group Companies upon its publication on the Prada Group's intranet and company website.

— 4. Definitions

For the purposes of this Policy, the below terms have the following meanings:

- **Code of Ethics:** The Prada Group's code of ethics published on the Prada Group's company website.
- **Ethics Committee:** Body responsible for managing reports received through the specific reporting channels. The Ethics Committee proposes possible improvements to the process to the Control and Risk Committee and encourages the necessary information and training for the Company's employees.
- **Audit and Risk Committee:** A committee formed within the Board of Directors responsible for submitting proposals and providing advice to the Board of Directors. The Audit and Risk Committee's main tasks are to assist the Board of Directors set the guidelines of the internal control and risk management system and assess the system's adequacy at least once a year. In relation to the whistleblowing system, the Audit and Risk Committee ensures that procedures are in force to guarantee that confidential reports are examined with impartiality.
- **Addressees:** The Prada Group's personnel worldwide and anyone who operates in the name, on behalf or in the interest of the Prada Group or who has professional or commercial relations with the Prada Group, wherever they carry out their activities.
- **Prada Group or Group Companies:** Prada and the companies of the Prada Group.
- **Sensitive Information:** Commercial, strategic information concerning the Group, e.g., information on prices, discounts, promotions, production volumes and costs, and sources of supply; industrial, logistical and production information; and information relating to customers' identity and advertising.
- **Antitrust Legislation:** The national and EU regulations applicable to Prada and the Group Companies and the best practices and guidelines developed by the national antitrust authorities, including but not limited to the following:
 - Commission Regulation (EU) 2022/720 on the application of Article 101 of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices (also known as the "[New] Vertical Block Exemption Regulation" or "[New] VBER")
 - Communication from the European Commission (2022/C 248/01), Guidelines on Vertical Restraints
 - Treaty on the Functioning of the European Union (TFEU) of 13 December 2007, Articles 101-109
 - Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings
 - Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty
 - Italian Law No. 287 of 10 October 1990 - Rules on the Protection of Competition and the Market
 - Sherman Antitrust Act of 2 July 1890 (US)
 - Competition Act of 9 November 2008 [online references are to 1998] (UK)
 - Anti-monopoly Law of 1 August 2008 (China)
 - Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of 14 April 1947 (Japan)

- Monopoly Regulation and Fair Trade Act of 29 March 2016 (South Korea)
- Competition Ordinance of 14 December 2015 (Hong Kong)
- **Management and Supervisory Bodies:** The Supervisory Body, the Board of Statutory Auditors and the Audit and Risk Committee, if established, of each Group Company.
- **Prada Group Personnel:** Employees and consultants of Prada and Group companies (executives, middle managers, white-collar employees, and blue-collar employees).
- **Policy:** This Antitrust Policy [adopted by Prada].
- **Prada:** PRADA S.p.A.;
- **Recommended Prices:** The final prices of the products applied by the Prada Group in its boutiques and recommended to Authorised Resellers, Distributors and franchisees, in order to inform them of the products' positioning in the target market, with a view to preserving the products' aura of luxury.
- **Manufacturer or Supplier:** A company that manufactures, imports or acts as a wholesaler or principal (the latter under an agency agreement).
- **Antitrust Officer:** The person appointed by Prada to ensure this Policy is lawful and to update and interpret the applicable regulations referred to in it.
- **Resellers:** Individuals and companies that purchase products from Suppliers for subsequent retail ("Retailers") or wholesale ("Distributors").
- **Authorised Reseller:** A legal entity authorised by Prada to resell Prada products exclusively to final customers and other Authorised Resellers, which are selected based on specific criteria identified by Prada and in compliance with the Quality Standards for Authorised Resellers.
- **Whistleblower:** Any person - whether internal or external to the Prada Group - who submits a Report.
- **Reported Individual:** Any individual to whom the facts that are the subject of a Report refer or can be referred.
- **Report:** A report concerning conduct, acts, omissions, or practices in potential breach of this Policy or Antitrust Legislation.
- **Group Company:** Each company directly or indirectly controlled by Prada S.p.A.
- **Third Parties:** Authorised Resellers, Retailers, Distributors, and/or Suppliers of the Prada Group.
- **Relevant Third Parties:** The parties with which the Prada Group has relations that risk being involved in anticompetitive conduct or practices or being instrumental to the implementation, facilitation or concealment of anticompetitive conduct. These parties include, but are not limited to, Third Parties, companies that operate in the same market, competitor companies, business partners, professionals, consultants and business promoters in various capacities.

— 5. General principles and rules of conduct

The antitrust framework envisages three macro areas of intervention to combat anticompetitive practices: (i) **restrictive agreements**, (ii) **abuse of a dominant position** by an undertaking that holds market power such that it is able to act independently from its competitors and final customers, and (iii) **merger control**.

5.1. Prohibition on restrictive agreements

In light of Italian and EU legislation and legislation in force in the countries where the Prada Group operates, agreements between companies, concerted practices and decisions by associations of companies concerning the prevention, restriction or distortion of competition are prohibited.

However, agreements can be entered into between two or more competing undertakings (horizontal agreements) or between undertakings at different levels of the economic chain, e.g., a Supplier, a Distributor and/or a Retailer (vertical agreements).

5.1.1. Horizontal restrictions of competition

Horizontal agreements are typically considered more harmful to competition than vertical agreements because they are more likely to unduly distort competitive dynamics to the detriment of consumers.

The most serious forms of horizontal agreements are the following:

- **i - Price fixing:** This includes fixing current or future prices, discount levels, criteria for obtaining discounts, price increases, timing of price increases, profit margins, sales conditions, and payment terms.
- **ii - Market sharing:** This involves reciprocal allocations of territories or target customer groups, e.g., an agreement whereby the parties undertake not to sell to or target each other's customers.

- **iii - Exchange of Sensitive Information with competitors:** This involves an exchange – in whatever form – of information relating to, e.g., prices, discounts, promotional campaigns, production volumes and costs, sources of supply, customer identity, and commercial and advertising investment strategies.

Rules of conduct concerning relations with competitors (horizontal agreements)

In light of the principles described above, and to ensure compliance with antitrust legislation, all Prada employees/Addressees should abide by the following rules of conduct.

Examples of prohibited conduct:

- **a - discuss, negotiate or enter into agreements** of any kind (formal or informal, binding or non-binding, etc.) with **competitors** aimed at coordinating each party's commercial policies to be adopted on the market.
- **b - exchange sensitive information** with competitors that could reduce uncertainty as to Prada's current or future market behaviour (through meetings, formal or informal dealings, email, unilateral public announcements, with Third Parties such as customers or Suppliers, etc.).
- **c - disclose Prada's Sensitive Information** to customers or Suppliers (including Relevant Third Parties) as they might then pass it on to competitors. To mitigate the risk of violating Antitrust Legislation, do include the wording "Privileged and Confidential" in documents that contain the commercial conditions that the Prada Group applies to its customers (price lists, offers for specific projects, etc.).
- **d - expressly ask Third Parties for information on the contractual conditions applied by a competitor.** This does not preclude spontaneously receiving this kind of information from Third Parties as

part of negotiations aimed at obtaining more favourable contractual conditions than those initially offered. However, in internal communications or archived files, it is advisable to always indicate the **source** of information on competitors spontaneously acquired from Third Parties (name of the customer or Supplier that provided the information, date, context, etc.), so that it is possible to prove, if necessary, that no information was exchanged (including indirectly) with a competitor.

— **e - publicly announce the Prada Group's medium-long term strategies**, especially when they will be adopted a long time after the announcement and when they could be detrimental to consumers (e.g., price increases).

5.1.2. Vertical restrictions on competition

Vertical agreements regulate the purchase or sale of goods or services between undertakings that operate at different levels of the production or distribution chain (e.g., franchise agreements, resale contracts, and distribution contracts).

Vertical agreements are treated more favourably than horizontal agreements and are generally not considered restrictive of competition. In several jurisdictions, including the EU, vertical agreements are presumed to be lawful **if the market share of the Supplier or Reseller in the relevant market covered by the agreement remains below a certain threshold** set by the applicable legislation (30% in the EU) on condition that the agreements **do not contain restrictions that are considered particularly anticompetitive** regardless of the parties' market share/s (hardcore restrictions).

The following practices are considered **hardcore restrictions** and are therefore absolutely prohibited:

— **i - resale price fixing** (see section 5.1.2.i);

— **ii - the prohibition on online sales** (see section 5.1.2.ii) (with the exception of the US, for example); and

— **iii - territorial and customer restrictions** (see section 5.1.2.iii) (subject to certain exceptions relating to the adoption of selective and exclusive distribution systems).

Further potentially anticompetitive practices:

The imposition of the following contractual obligations could also constitute **prohibited** anticompetitive practices:

— **a - a direct or indirect non-competition obligation** whose term exceeds 5 years or is indefinite;

— **b - a direct or indirect obligation** that prevents the Reseller from producing, purchasing, selling or reselling certain goods or services after the agreement terminates; and

— **c - a direct or indirect obligation on the members of the selective distribution system** not to sell the brands of certain competing Suppliers.

The lawfulness of the above types of obligation must be assessed on a case-by-case basis, in light of several factors (the market shares of the parties and competitors, the nature of the product, the existence of additional restraints, etc.), to determine whether the anticompetitive effects resulting from the obligations can be outweighed by efficiencies resulting from the restraint or whether the competitive effect is so negligible as to have no real impact on the market.

i - Prohibition on resale price fixing

Suppliers **cannot impose a fixed and/or minimum resale price** on distributors for products supplied either **directly** or **indirectly**.

Resellers must always be free to determine the resale price of purchased products independently, without any constraints from Suppliers.

However, Suppliers may still recommend a list of Recommended Prices on condition that this does not

result in the imposition of fixed or minimum resale prices (e.g., as a result of pressure or incentives).

Examples of prohibited conduct:

- **a** - including contractual provisions on how final prices are to be determined and envisaging possible negative consequences in the event of non-compliance with imposed or suggested resale prices (interruption of supplies, non-recognition of discounts, etc.);
- **b** - making verbal or written (email, chat, voice or video messages, etc.) threats against Resellers to fully or partially terminate contractual relations or threats of other negative consequences for deviating from the imposed or suggested resale prices;
- **c** - making verbal or written communications (email, chat, voice or video messages, etc.) that directly or indirectly draw Resellers' attention to any deviation between the prices charged and the prices suggested by Manufacturers;
- **d** - imposing restrictions on Resellers to apply discounts or limits to discount percentages; and
- **e** - envisaging or granting discounts and/or incentives specifically to Resellers that comply with a Recommended Price.

ii - Prohibition on online sales

In light of Italian and EU regulations and those applicable in other non-EU countries where the Prada Group operates, Suppliers must not unjustifiably restrict the freedom of Resellers to sell products purchased **online**. More precisely, any conduct whereby the Supplier prevents a Reseller – either **directly** (e.g., by inserting a contractual provision) or **indirectly** (e.g., by threatening termination of contractual relations and by intimidation) – from using the internet is generally considered unlawful.

Exceptions to the prohibition of online sales apply in certain countries, including the US, where online sales may be reasonably prohibited.

Examples of prohibited conduct:

- **a** - prohibiting Resellers from selling purchased products online;
- **b** - obliging Resellers to obtain authorisation from the relevant Supplier for each online transaction;
- **c** - preventing Resellers from promoting products online, including on social media;
- **d** - prohibiting the use of their own brand together with the product category or product name as a keyword for offers to be indexed by search engines;
- **e** - prohibiting advertising through the most widely used price comparison services (e.g., Google Shopping, Kelkoo and Meta Marketplace) because they attract a larger number of users as they are among the best known and most easily reached by users through an online search and therefore have a high ranking in the sector in terms of visibility and public reputation; and
- **f** - imposing geo-blocking practices on Resellers within the EU, i.e., practices that: (i) block or restrict consumer access to a website based on a consumer's nationality or place of residence; (ii) redirect consumers automatically to another version of the website without their express consent; and (iii) discriminate based on payment method.

Examples of Suppliers' permitted conduct:

- **a** - prohibiting resale on marketplaces (marketplace ban) that Suppliers have not authorised in advance, on condition that Resellers are free to operate their own e-commerce and to advertise online, in line with the Quality Standards for Authorised Resellers;

- **b** - applying different prices to Distributors or Retailers depending on whether the products are intended to be sold online or offline (dual pricing), on condition that this does not prevent them from selling products online;
- **c** - requiring online sales to be in accordance with certain quality criteria, on condition that these criteria are proportionate and do not result in it being de facto impossible to sell products online;
- **d** - conditioning the possibility of online sales on the circumstance that Distributors have at least one brick-and-mortar outlet (thereby prohibiting purely online players);
- **e** - obliging Resellers to sell an absolute minimum quantity (in terms of value or volume) of products offline in order to ensure the efficient operation of the brick-and-mortar shop;
- **f** - prohibiting advertising through a specific price comparison service (e.g., Google Shopping, Kelkoo and Meta Marketplace) unless it is one of the most widely used on the market;
- **g** - prohibiting the use of a Supplier's brand name in the domain name of Resellers' websites; and
- **h** - prohibiting Resellers from: (i) using expressions such as "(Official Site/Store/Boutique/Shop/e-shop/e-commerce) Official" to avoid creating confusion between the brand owner's site and each Reseller's site; (ii) using registered brand symbols such as ™©® in relation to the Prada Group's brands so that Resellers do not commit brand counterfeiting; and (iii) indicating the brand name in block letters so as not to debase its prestige.

iii - Territorial or customer restrictions

As a general rule, Suppliers must not prohibit Resellers from selling products **in certain territories or to certain types of customers** (e.g., to another Distributor

or Retailer or to a party that does not meet certain requirements), subject to the following exceptions.

In the EU, Resellers must be free to sell to whomever they prefer, regardless of the quality or business of each individual customer or the customer's location.

However, under EU law, territorial and customer restrictions are permitted within certain limits if the Manufacturer in question has adopted an **exclusive or selective distribution system**.

A - Exclusive distribution system

Through an exclusive distribution system, Manufacturers can restrict the sale of products in certain territories or to certain categories of customers to themselves or to one or more Distributors (shared exclusivity), while simultaneously prohibiting other Distributors from actively selling in those territories or to those customers (i.e., actively promote the resale of their products to potential buyers through targeted advertising actions). However, Manufacturers cannot restrict Distributors' passive sales, which are sales made in response to spontaneous consumer requests not actively solicited by the Distributor.

B - Selective distribution system

A selective distribution system is traditionally adopted to resell products that are technologically complex or viewed on the market as prestigious. With this type of distribution system, Manufacturers create a 'closed' distribution network to which only Distributors that meet certain qualitative/quantitative criteria are admitted (authorised distributors).

In the EU, the selection of Authorised Resellers can be made only based on the following criteria:

- **Qualitative criteria:** e.g., the suitability of the shop (location, furnishing, lighting, juxtaposition with other products, etc.), the efficiency of the customer service, and the presence of qualified staff in the shop. The qualitative criteria for online sales do not necessarily have to be the same as those for brick-and-mortar shops, given the different characteristics of the two (e.g., the need

for a help desk or better after-sales service for e-commerce and for secure payment systems).

- **Quantitative criteria:** e.g., a maximum number of Distributors admitted to the network, and the requirement to purchase minimum quantities of products.

The Prada Group has chosen to distribute its products through a selective distribution system, based on the quality criteria set out in the **Quality Standards for Authorised Resellers**, in order to safeguard the quality and luxury aura of its products and, more generally, the entire sales experience for its customers (e.g., offering products in brick-and-mortar stores or online with adequate after-sales service) and the brand's image and reputation.

As an exception to the prohibition on territorial and customer type restrictions, the adoption of the selective distribution system by the **Prada Group lawfully permits:**

- **a** - prohibiting an Authorised Reseller whose registered office is in the EU economic area from selling products outside the European Economic Area, the UK, and Switzerland;
- **b** - prohibiting an Authorised Reseller whose registered office is in a non-EU country/territory from selling products outside that country/territory;
- **c** - requiring Authorised Resellers to sell products exclusively to customers or other Authorised Resellers in the network (parallel sales ban); and
- **d** - requiring Authorised Resellers to resell products at a particular location (location clause).

All quality criteria and obligations imposed on Authorised Resellers are specifically described in the **General Terms and Conditions of Sale** adopted by the Prada Group and in the attached document entitled **Quality Standards for Authorised Resellers**.

5.1.3. Other possible vertical or horizontal agreements

Certain heterogeneous vertical agreements, even if they do not have obvious anticompetitive aspects, may nevertheless be critical from an antitrust perspective and therefore deserve careful assessment on a case-by-case basis.

These are in particular: (i) franchise agreements, (ii) dual distribution agreements, and (iii) commercial agency agreements. These types of agreements require precise analysis – for different reasons in each case – to avoid the risk of competition law violations.

— i - Franchise agreements

The following obligations on a franchisee are considered lawful because they are necessary to protect the franchisor's intellectual and industrial property rights and maintain the common identity and reputation of its network:

- refrain from selling competitors' products or services;
- refrain from acquiring stakes in the capital of a competing undertaking such as to give it the power to influence that undertaking's economic behaviour;
- refrain from disclosing to third parties the know-how provided by the franchisor until that know-how is in the public domain;
- inform the franchisor of any experience gained by exploiting the franchise;
- inform the franchisor of any infringements of licensed intangible property rights, take legal action against infringers, or assist the franchisor in any legal action brought against it;
- refrain from using the know-how licensed by the franchisor for purposes other than exploiting the franchise; and
- refrain from assigning the rights and obligations under the franchise agreement without the franchisor's consent.

The general restrictions imposed by Antitrust Legislation law also apply to franchise agreements. Therefore, resale price maintenance, territorial and/or customer allocation and prohibition of internet sales are considered anticompetitive practices and are therefore prohibited.

— ii - Dual distribution

Dual distribution is a distribution system in which a Supplier competes with its own Distributors or Retailers in the downstream retail market. The Prada Group uses this distribution system as it sells goods wholesale to Resellers (vertical competition) and sells products directly to final customers through its own retail channel at boutiques and online (horizontal competition).

Given that the Prada Group and its Resellers are, for all intents and purposes, competitors in the relevant retail markets, particular care must be taken in relation to information exchanges that can result from the existing business relationship. These exchanges are lawful only if directly related to performing the distribution agreement and necessary to improve production or distribution.

Hardcore restrictions apply also to this distribution system, and Prada Group employees must thus strictly adhere to the following rules of conduct.

By way of example only, the exchange of the following information is generally **permitted**:

- i - technical product information (e.g., size, colour, material, product care, certificates, and compliance with the current regulations);
- ii - logistical or volume-related information from Resellers regarding Prada products: (a) purchased by Resellers; (b) sold by Resellers (including with reference to a specific period); and (c) returned by customers or in stock;
- iii - detailed information about Resellers' customers (i.e., their identity and the items purchased) only when necessary to verify that products are not sold to unauthorised Resellers;

- iv - information on the position of Prada products in relation to other brands sold by Resellers; and
- v - information on consumer feedback and preferences regarding Prada products and information on Prada product marketing (e.g., promotions and other news).

By contrast, the exchange of the following information is generally **prohibited**:

- i - information on future pricing and pricing policies, e.g., promotions and discounts applied by Prada or Authorised Resellers; and
- ii - information on the sales of competing brands' products by multi-brand Resellers (including, where applicable, the brand which the same Reseller owns). This includes, e.g., purchase volumes and prices charged by competitors to Resellers that also sell Prada products.

To facilitate the interpretation of the above rights and obligations under Antitrust Legislation, the European Commission published **guidelines** to help identify permitted and prohibited exchanges of information ('white list' and 'black list').

If any doubts arise about the exchange of permitted information, taking certain precautions is advisable (e.g., exchange only historical or aggregated data and implement internal firewalls to prevent information from Authorised Resellers from circulating to Prada Group business divisions).

— iii - Agency agreements

Agency agreements, known as 'genuine agency agreements' – generally do not fall within the scope of Antitrust Legislation. Consequently, the following clauses included in genuine agency agreements are considered lawful on condition that no obligations concerning the assumption of financial or commercial risks on Suppliers' behalf are imposed on agents: (a) limitations on the territory and customers to whom agents can resell products, (b) resale price maintenance, and (c) bans on online sales.

The Group's **marketplace, e-concession** and **concession** agreements also generally constitute genuine agency agreements on condition that all financial and commercial risks associated with the sale of Prada products to customers remain with Suppliers.

With specific regard to the above types of agreement, imposing the following obligations is therefore prohibited:

- **a** - the obligation on the agent to purchase the (not only temporary) ownership of the products sold;
- **b** - the obligation on the agent to invest in product promotion;
- **c** - the obligation to keep stock at the agent's own risk and cost;
- **d** - the obligation to invest in equipment, premises or personnel training;
- **e** - the obligation to contribute to the expenses incurred in supplying the products sold (e.g., transport costs); and
- **f** - the obligation to assume liability for defective products or breach of contract with the end consumer.

If one or more of the above obligations are not met, an agency agreement – in any of its most common forms (marketplace, e-concession and concession) – cannot be considered genuine and is therefore subject to the antitrust rules/provisions of Antitrust Legislation applicable to vertical agreements. As a result, certain particularly anticompetitive practices, e.g., resale price setting, are considered hardcore restrictions and thus expose the Supplier to the related antitrust penalties.

Rules of conduct for vertical agreements

Below are some rules of conduct that Prada employees and managers must follow in dealings with Resellers.

- **a** - Do not provide Resellers with the price lists applied at the Prada Group boutiques exclusively as Recommended Prices and never, even indirectly, as imposed or minimum prices.
- **b** - Do not provide Resellers with the list of discount percentages applied to end consumers during private sales at the Prada Group's boutiques exclusively as suggested or recommended percentages and never as minimum or imposed percentages.
- **c** - Do not prohibit Authorised Resellers from carrying out promotional campaigns – in compliance with the Quality Standards for Authorised Resellers – which advertise discounts on Prada products.
- **d** - Do not grant Resellers any incentives (bonuses, rebates, etc.) connected with their compliance with Prada's Recommended Prices and/or with refraining from discounting Prada Group products.
- **e** - Do not exert commercial pressure (threatening to terminate the business relationship, refusing to supply products, etc.) if a Reseller does not apply the Prada Group's Recommended Price.
- **f** - Do not emphasise and reiterate in any internal or external communications (email, chat, voice or video messages, etc.) that Resellers are free to set prices and discounts, particularly to Third Parties or Authorised Resellers that complain of another Reseller offering a discounted or lower prices than the Recommended Prices.

- **g** - Do not directly or indirectly (i.e., by exerting pressure or making retaliatory threats) prohibit Resellers from selling the Prada Group's products through a website, without prejudice to compliance/ on condition that the Resellers comply with the Quality Standards for Authorised Resellers.
- **h** - Do not provide marketplace operators information on Recommended Prices or request that they provide that information to Third Parties that use those marketplaces.

- **iii** - Undertaking with a market **share over 50%**: Dominance is presumed and the undertaking must therefore demonstrate that it is unable to exercise significant market power in the market in which it operates.

More specifically, to ascertain whether an undertaking is dominant, the first step is to identify the market in which it operates within the meaning of Antitrust Legislation, i.e., the product and geographic market.

The **product market** includes all goods and services that are regarded as interchangeable based on their characteristics, prices and purpose. The **geographic market** is the area in which competition conditions are homogeneous because of, among other things, consumer characteristics and habits, transport costs and applicable regulations.

With regard to the market in which the Prada Group operates, EU and Italian decision-making practice identifies a single relevant market for the production and distribution of luxury goods, i.e., high quality goods sold at high prices and characterised by prestige brands with a low degree of interchangeability with goods in the same category but which are not luxury goods.

Without prejudice to the fact that the assessment of dominance must be made on a case-by-case basis and that an undertaking can be dominant in some markets and not in others, holding a dominant position is not in itself considered unlawful.

The only thing dominant companies are prohibited from doing is **abusing this position** to the detriment of competitors and, above all, to the detriment of customers and consumers. Dominant undertakings thus essentially have a 'special responsibility' which prohibits them from engaging in certain conduct which their competitors are permitted to engage in.

5.2. Abuse of dominant position

5.2.1. Possession of a dominant position

An undertaking has a dominant position if it has sufficient market power to act independently from competitors, customers and end users and significantly and decisively influence the main parameters of competition (price, conditions of sale, etc.).

To determine whether an undertaking's market power constitutes a dominant position, several factors must be taken into consideration – first and foremost its market shares:

- **i** - Undertaking with a market share **below 30-40%**: The undertaking is unlikely to be found dominant in the absence of additional elements, e.g., no competitors with significant market shares.
- **ii** - Undertaking with a market **share of 40-50%**: Additional factors must be taken into account, e.g., entry barriers for new competitors, the undertaking's economic-financial capacity and level of vertical integration, the existence of economies of scale, the possibility to access sources of supply and major resources, consumer loyalty to the brand, and customer bargaining power.

5.2.2. Potentially abusive conduct

The EU framework provides a non-exhaustive list – progressively updated by caselaw and decision-making practice – of abusive conduct, which includes:

- (direct or indirect) use of unfair contractual terms, e.g., excessively high prices;

- limitations in production, market opportunities or technical development to the detriment of consumers;
- discriminatory conduct (i.e., the application of dissimilar conditions in commercial relations for equivalent services); and
- tying practices (i.e., conduct that makes entering into a contract conditional on the acceptance of additional benefits, which – by their nature or according to commercial usage – have no connection with the contract’s subject matter).

5.3. Merger control

Under EU law, the competent antitrust authorities must be notified of certain mergers between companies to enable **controls** aimed at preventing the concentration of the market or a substantial part of it, especially through the creation or strengthening of dominant positions.

To enable effective and timely control to protect the markets’ competitive structure, transactions must be notified before their implementation if:

- **a** - they constitute a ‘concentration between undertakings’ within the meaning of Antitrust Legislation, e.g.: (i) mergers between previously independent entities; (ii) acquisition of the direct or indirect control over another undertaking or part of it; (iii) creation of a joint venture; or (iv) lasting changes in control resulting from the transfer of business units, assets or operations to which even potential turnover can be attributed; and
- **b** - the undertakings involved exceed specific turnover thresholds.

5.3.1. Definition of ‘merger’

Mergers are defined as corporate transactions that give rise to a lasting change in the control of the companies involved as a result, i.e.:

- the merger between previously independent entities, or the acquisition of direct or indirect control over another undertaking or part of it; and

- the creation of a joint venture.

Mergers also include lasting changes in control resulting from the transfer of: (i) business units; or (ii) operations or assets to which even only potential turnover is attributable (administrative authorisations, concessions, patents, trademarks, know-how, etc.).

5.3.2. Notification thresholds

Not all mergers are subject to scrutiny by the antitrust authorities, but rather only those which – when they exceed certain size thresholds – are presumed to have an impact on the competitive balance of the markets concerned.

Under the EU framework, the **European Commission** must be notified of a merger only if all the following conditions are met:

- the combined worldwide turnover of all the undertakings involved is more than EUR 5 billion; and
- the aggregate EU-wide turnover of at least two of the undertakings involved exceeds EUR 250 million.

However, if the above conditions are met but each of the undertakings involved achieves more than 2/3 of its aggregate EU turnover in one member state, the notification must be submitted to the relevant national competition authority.

If an undertaking involved in the transaction is part of a group, the turnover to be taken into account when calculating whether the notification thresholds are exceeded is not only that of the undertaking concerned but also that of its subsidiaries and/or parent companies, if appropriate.

Finally, in addition to the EU, more than 100 countries have adopted merger control laws with varying turnover thresholds. We therefore recommend consulting the Antitrust Officer in advance to assess whether an envisaged merger could give rise to notification obligations in other countries (be they within or outside the EU).

5.4. Abuse of economic dependence

Although practices that entail abuse of economic dependence are not specifically regulated by Antitrust Legislation, in some EU countries – including Italy, Germany and France – these practices can be subject to scrutiny and censure by national competition authorities if the abuse affects the protection of competition and the market.

In Italy, this responsibility falls to the Italian Competition Authority (ICA).

Although Italian law does not set out an exhaustive list of conduct that is considered abusive, it does identify three possible examples of abuse of economic dependence:

- 'refusal to sell' or 'refusal to buy' in all cases in which that conduct is contrary to fairness or good faith;
- 'imposition of unjustifiably onerous contractual terms and conditions' (in light of an overall assessment of the contractual arrangement and not an atomistic assessment of the clause considered 'onerous') or 'discriminatory' (compared to the terms and conditions generally applied by the 'strong' contractor to its business partners); and
- 'arbitrary interruption of business relations', e.g., the unforeseen and unjustified non-renewal of a contract that occurs at a time that makes it impossible for the counterparty to recover the investments made.

Thus, in assessing whether an abuse of economic dependence has occurred, it is key to ascertain that the dependent, 'weaker' party has no access to satisfactory alternatives in the market and that the dominant, 'stronger' party has imposed a series of unjustifiably onerous contractual conditions which prevent the weaker party from running its business independently.

In recent practice on abuse of economic dependence, the ICA has focused its attention on franchise agreements, in relation to which situations of imbalance between contracting parties can easily occur.

The following aspects require specific attention: (i) the submission of purchase orders; (ii) the timing of orders and deliveries; (iii) the design and fitting-out of a sales point; (iv) advertising; and (v) various other provisions that can excessively limit a franchisee's entrepreneurial autonomy or oblige the franchisee to make specific, burdensome investments that are difficult to recover.

— 6. Implementation of this Policy

6.1. Antitrust Officer

The Prada Group selects and appoints an Antitrust Officer with the necessary antitrust expertise gained during his/her career.

The Antitrust Officer oversees compliance for the prevention of antitrust offences and ensures that: (i) this Policy is implemented, (ii) specialist antitrust assistance is provided to Prada Group Personnel, (iii) the general requirements of the management system for the prevention of prohibited conduct are fulfilled, and (iv) the risk of antitrust infringement is constantly monitored.

Furthermore, the Antitrust Officer:

- reports periodically to the Supervisory Body of the Group Company he/she works for and liaises with the Supervisory Body to ensure it performs its duties;
- provides the competent Internal Audit Department indications on the planning of audits of the various Prada Group Companies and any other necessary or useful information;
- coordinates with the Group's Legal Department (and Compliance Department, if established) and with the Legal Offices of the Prada Group Companies for updates on regulatory and caselaw developments in antitrust matters;
- promotes the adoption and updating, if appropriate, of internal antitrust procedures;

- advises Addressees on any doubts or questions concerning the application of this Policy and internal antitrust procedures;
- receives periodically from the competent corporate departments, in coordination with the other Management and Supervisory Bodies, specific information regarding practical activities that could entail antitrust risks (e.g., sales agreements and communications with Authorised Resellers, franchise agreements, and participation in technical discussions and meetings attended by competitors); and
- ensures the adjustment, updating and improvement of this Policy and plays a role in guiding and coordinating the Legal Offices of the Prada Group Companies.

6.2. Antitrust risk assessment

The Group Companies carry out – also to assess the adequacy of this Policy and the antitrust procedures adopted – a periodic antitrust risk assessment (“**Risk Assessment**”) aimed at:

- identifying the reasonably foreseeable antitrust risks to which the organisation is exposed;
- analysing and assessing the identified risks based on formalised criteria;
- assessing the suitability and effectiveness of existing controls and procedures to mitigate antitrust risks; and, if appropriate;
- planning the necessary measures to strengthen the system for preventing and mitigating risks.

The Risk Assessment is coordinated by the Antitrust Officer in consultation with the General Counsel, the competent local Legal Offices, the Group’s Internal Audit Department and, if appropriate, the Supervisory Body. The Antitrust Officer also refers to specialised external consultants if necessary/appropriate.

6.3. Prada Group Personnel training

The Group encourages all Prada Group Personnel to be familiar with this Policy and Antitrust Legislation. For this purpose, this Policy is provided to all Prada Group Personnel and made available on the corporate intranet.

Prada and each Group Company, in coordination with the Antitrust Officer, plan and manage training on the subject to ensure that each Group Company’s employees and consultants (as applicable) understand the following in relation to their positions:

- the antitrust risks to which the Addressees and the Group Company they work for could be exposed;
- this Policy;
- the antitrust aspects related to their role within the Group concerning antitrust risk prevention; and
- the preventive measures to be taken and reports to be submitted relating to the risk or suspicion of unlawful practices.

Each Group Company’s Human Resources Department monitors that the planned training is attended by the Prada Group Personnel selected in coordination with the Antitrust Officer.

Training attendance is compulsory.

The Antitrust Officer is informed about all planned and delivered training.

6.4. Support and assistance

The Prada Group encourages Prada Group Personnel to report any doubts immediately. Any member of Prada Group Personnel who is in doubt as to the correct conduct to adopt must first seek assistance from the Antitrust Officer by email (antitrust@pradagroup.com) or letter.

Competition authorities may carry out unannounced inspections at the premises of undertakings, individuals or legal entities that are believed to be in possession of

documents relevant to an investigation. Moreover, the Commission or ICA officials in charge of the inspection have the power to access all premises where the investigated business is carried on (including cars).

In the event of inspections and requests for information, **all Prada Group Personnel must cooperate with competition authority officials and immediately inform the Antitrust Officer, General Counsel and Internal Audit Department.**

— 7. Reports

Compliance with this Policy is an expression of the principle of lawfulness that inspires the Prada Group, as specified in the Code of Ethics.

Therefore, under the terms of the Whistleblowing Reporting Procedure, any breach or suspected breach of Antitrust Legislation or this Policy must be reported immediately in one of the following ways:

- **IT platform:** This is accessible to all Whistleblowers (employees, third parties, etc.) on each Group Company's website (e.g., Prada website: <https://www.pradagroup.com/it/group/corporate-governance.html/whistleblowing>) and, if applicable, intranet. The platform - provided by a specialised, independent, third-party entity - enables users to submit Reports through a guided online procedure without the need to register or include personal details.
- **Email:** Whistleblowers can email the email address indicated on each Group Company's website and in the Handling of Reports Procedure (e.g., whistleblowing@pradagroup.com).
- **Letter:** Whistleblowers can send a letter to the address indicated on each Group Company's website and in the Handling of Reports Procedure: PRADA S.p.A., Via Antonio Fogazzaro 28, 20135 Milan (FAO Internal Audit Department).
- **other methods** provided by the Whistleblowing Reporting Procedure or by the Prada Group's institutional website.

Although anonymous Reports are accepted, named Reports are preferable as they help make investigations faster and more effective, in addition to enabling proper dialogue with Whistleblowers.

The Ethics Committee decides on the necessary communications to be made within the organisation and/or to the Administrative and Supervisory Bodies.

The Ethics Committee also informs the Supervisory Body and the Antitrust Officer, as the case may be, of Reports received and the results of the preliminary checks and any subsequent investigations carried out, including so as to ascertain whether further investigation is needed.

Additionally, the Ethics Committee sends the Antitrust Officer a periodic report prepared for the Supervisory Body.

The Group Companies guarantee confidentiality concerning the existence and content of each Report and concerning the identity of the Whistleblower - if disclosed - and of Reported Individuals. Moreover, Whistleblowers are guaranteed the protections set out by law.

The Prada Group supports anyone who submits a Report in accordance with this section or takes part in an investigation of a suspected breach and is not involved in the related conduct. Any person who reports a potential breach or has, in good faith or based on reasonable belief, a doubt regarding compliance with the Code of Ethics, this Policy and/or Antitrust Legislation is acting fairly and must not fear or be subject to retaliation.

Prada Group Personnel will not be penalised, dismissed, revoked from office, demoted, transferred, harassed, threatened or discriminated against in any way for submitting Reports in good faith or based on a reasonable belief.

For further information on the reporting process, please refer to the specific procedures in place at the Group Companies.

— 8. Breach of this Policy

8.1. Disciplinary action

Breach of this Policy by Prada Group Personnel will entail the Group Company concerned taking disciplinary action. The Group will also ensure its full cooperation with the competent authorities. Appropriate and proportionate disciplinary measures will be applied to every breach, taking into account also whether the conduct constitutes a criminal offence.

8.2. Contractual remedies

A breach by Relevant Third Parties of this Policy's principles or provisions could result – based on specific assessments by the Group Company concerned – in contractual relations not being established or being terminated.

The Supervisory Body may also recommend improvements to this Policy and provide non-binding recommendations based on emerging best practices.

In the event of breaches, the competent corporate departments assess whether any revisions/modifications of internal operating procedures could help prevent breaches from recurring.

The Antitrust Officer prepares a periodic report (at least annually) on the monitoring carried out, which must be sent to the Administrative and Supervisory Bodies.

The competent corporate bodies appoint the Antitrust Officer.

— 9. Monitoring and continuous improvement

The competent Internal Audit Department examines and assesses the internal control system – based on the approved audit programme – to verify that this Policy is applied. Additionally, if any breach of this Policy or Antitrust Legislation is reported, detected or reasonably alleged, ad hoc internal investigations are carried out as necessary/appropriate. These investigations can be carried out by the competent Internal Audit Department or entrusted, under specific mandates, to Third Parties with the necessary skills and that meet the required professional requirements.

The status and results of the investigations are reported to the Antitrust Officer and the Supervisory Body, as the case may be.

The Antitrust Officer periodically reviews this Policy to ensure it is as effective as possible and, if necessary, proposes to the Board of Directors that it be updated.