



PRADA Group

MODERN SLAVERY STATEMENT FOR THE FINANCIAL PERIOD 2019

INTRODUCTION

This document, whose content refers to the fiscal year of 12 months ended December 31, 2019, was approved by the Board of Directors of Prada S.p.A. on June 22, 2020 and describes the measures taken by the Prada Group (hereinafter also “the Group” or “Prada”) to ensure, as required by the UK “Modern Slavery Act 2015 - Section 54”, the absence of any form of “modern slavery, forced labor and human trafficking” within its organization and along its supply chain.

THE PRADA GROUP

The Prada Group operates in the luxury goods industry with the Prada, Miu Miu, Church’s and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the eyewear and fragrance industries under specific licensing agreements and, with the acquisition of Pasticceria Marchesi 1824, has made its entry into the food sector. As of December 31, 2019, the Group’s products are sold in 70 countries around the world through 641 directly operated stores and a select network of luxury department stores, independent retailers and franchise stores. Also at December 31, 2019, the Group’s headcount amounted to 13,988 employees.

Prada S.p.A., the parent company, is a joint-stock company, Italian and listed on the Main Board of the Hong Kong Stock Exchange. At the date of this report, 80% of the share capital of € 255,882,400.00 is owned by Prada Holding S.p.A., a company domiciled in Milan (Italy), while the remaining shares are floating.



ETHICAL PRINCIPLES

On March 15, 2019 the Board of Directors of Prada S.p.A. approved the Sustainability Policy in which the Group declares its commitment to operate in full respect of the value of the individual and for the human and workers’ rights, enshrined both in the regulations of the countries in which it operates and in the international covenants and declarations - such as the United Nations Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles

and Rights at Work, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The Board of Directors considers respect for ethical principles to be the foundation of the enterprise’s success and represents an important expression of Prada’s image and reputation.



The Prada Group operates in:

- compliance with legislative and regulatory provisions in all countries in which it operates;
- legitimacy, loyalty, correctness and transparency;
- respect of the privacy;
- respect for the value of the person;
- respect for competition, as a crucial instrument in the development of the economic system;
- respect for the environment while raising awareness about its protection.

Since 2007, these principles have been given formal expression in the Prada Group's Code of Ethics. The Code sets out the guiding principles of the organization, being one of the main pillars of the Group's governance model, and is also supported by a set of procedures in order to turn these values into daily actions. The adoption and application of the Code of Ethics is essential for the achievement of the Company's primary objective, consisting in the creation of value for the communities in which it operates.

The Code of Ethics is promoted internally through the publication of the document on the corporate intranet, by sharing it with all new collaborators as well as being the base of business relationships with all suppliers.

THE SUPPLY CHAIN

The Prada Group's business model is based on a value chain that combines artisanal skills with the industrial organization of production and distribution processes.

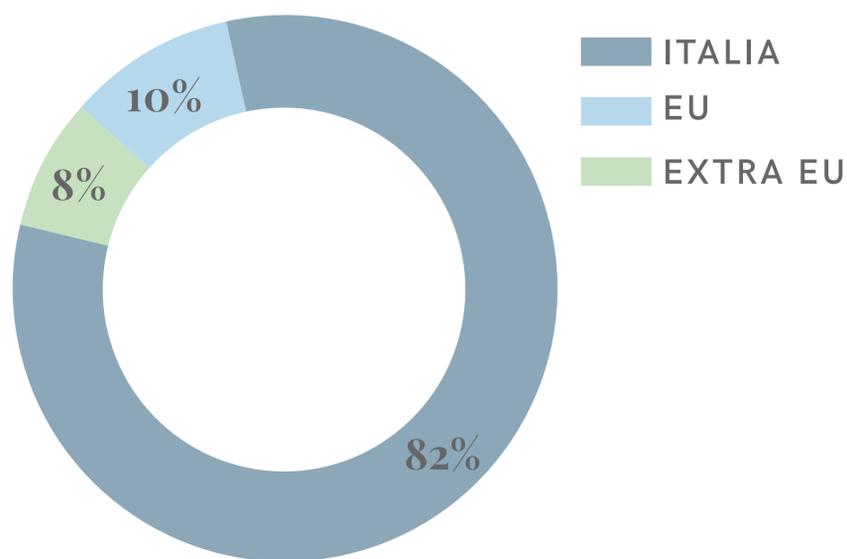
As at December 31, 2019, the production of the Group is entrusted to 22 manufacturing facilities located in Europe (19 of them in Italy) and to a network of external producers carefully selected for their craftsmanship, quality and reliability. All stages of the production process are controlled by Prada's technicians in order to ensure, in addition to quality standards of the products, also the compliance of the entire supply chain with the principles of the Code of Ethics that all suppliers must subscribe.

The vast majority of the prototypes and samples, as well as a part of the finished products and the most delicate phases of the production process, such as the cutting of hides, the controls over all raw and semi-finished materials, also those to be sent to suppliers, are produced at the Group's own facilities. During the years, the Group has made important investments to strengthen its internal industrial capacity and to reinforce the control over the value chain. This was achieved by internalizing an additional number of production processes, particularly the more technically

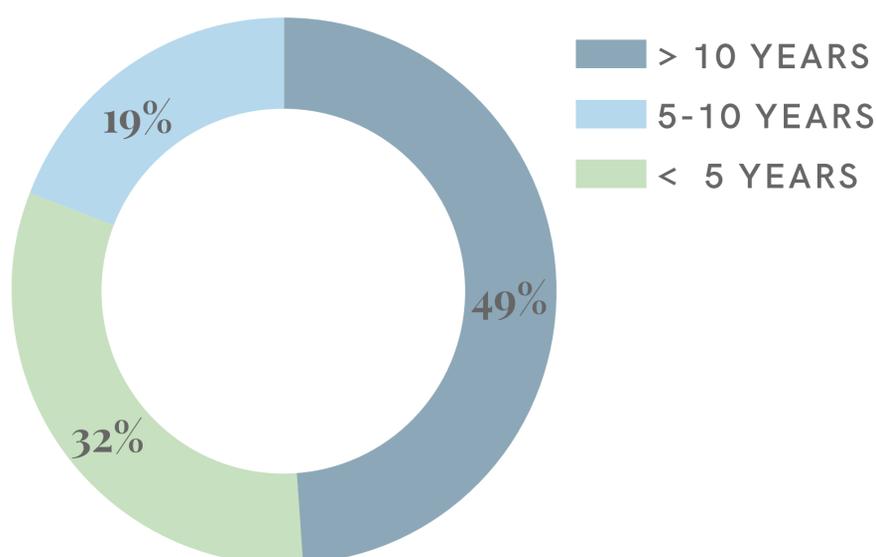
complex ones, through the realization of new production sites or the acquisition of the control of manufacturing companies formerly suppliers of the Group: the Group's production sites were 12 up to 6 years ago while now they are 22.

In 2019, the Group collaborated with about 1,000 raw materials and semi-manufactured products direct suppliers. Almost 50% of them have worked with Prada for more than 10 years; 82% are Italian suppliers; the percentage rises over 90% if the European Union area is considered. The remaining part is mainly represented by Asian suppliers and out of these, the two main ones are international operators, also listed on the Hong Kong Stock Exchange, with whom the Group has been working for more than 10 years. A key part of the strategy is to establish long-term collaborations with suppliers in order to develop a relationship of mutual trust and transparency. At the same time, Prada considers essential to root its supply chain in Italy where the manufacturing sector represents an excellence appreciated all over the world.

GEOGRAPHICAL DISTRIBUTION OF THE SUPPLY CHAIN



DURATION OF COLLABORATIVE RELATIONSHIPS WITH SUPPLIERS



A supply chain mainly localized in Italy and in Europe constitutes an asset also from a social responsibility standpoint, as it allows easier control by the Italian parent company. The working conditions of the employees are regulated by the collective labor agreements (CCNL) in force and that are stipulated at a national level between trade unions and associations representing companies. The CCNL regulates the rights, guarantees and obligations of all workers belonging to a specific sector, in terms of pay and regulatory provisions, such as guaranteed minimum wages, working hours, holidays, seniority treatment, treatment of overtime, holiday and night-time work (with the related pay increases), the duration of the trial period and notice period, sick leave, maternity leave, accident leave and the disciplinary code.

The supply chain of the Prada Group is completed with operators not related to the production cycle, among which, as an example, the suppliers of commercial spaces, logistic services, media spaces, and services providers linked to the management of stores in the countries where the Group operates with its retail activities; suppliers that, generally, are represented by large and primary companies.

The Prada Group believes that the risk of modern slavery within its organization is non-existent, while it deemed that same risk as overall low along its external industrial supply chain. The geographic location of the suppliers selected by the Group, as well as the profound knowledge of the same in terms of duration and quality of the established partnerships, combined with the systematic control of the quality of the production at the suppliers' sites, reduces the risk of conditions or pre-conditions such as to constitute circumstances of modern slavery, forced labor and human trafficking.



RISK ASSESSMENT AND DUE DILIGENCE

In the last years, the Prada Group placed particular focus on the identification and evaluation of the enterprise risks, as well as on the improvement of a system of procedures aimed at mitigating and managing the risks consistently with Group's objectives.

Within this framework, the Prada Group has adopted the Group's "Qualified Vendor List" (QDV) procedure to redefine the responsibilities and operational behaviors required to evaluate ethical, technical and economical reliability. Specifically for ethical issues, the accreditation and maintenance of a supplier's qualification are based on the request of documents, attestations and self-certifications that ensure, for sub-suppliers as well, compliance with the law on remuneration, social security, taxation, health and safety, the environment, privacy and the governance model. As mentioned, the signing of the Code of Ethics is a fundamental prerequisite for working with Prada.

This information is subject to periodic updates and systematic checks, also intra-year, to ensure veracity and consistency. Such controls of a documental nature, and conducted by purchasing structures or business areas specialized on the several issues, are carried out on a sample

basis or when a problem is encountered. The procedure also includes further inquiries in case of potential non-compliance in the documentation.

This type of control is coupled with visits by industrial divisions to suppliers (almost daily for the most important ones) which, even if aimed at ensuring compliance with the quality of the products and with commercial agreements, provide additional confirmation regarding working conditions. In case of a non-compliance that can be remedied, the supplier may be temporarily suspended until the corrective actions are implemented, while for cases that are more serious the contract may be terminated immediately.

This procedure, implemented in early 2017 to suppliers operating in the industrial area, has been gradually extended to businesses not strictly involved in the production cycle, reaching full coverage of all Industrial, Engineering and Logistics suppliers¹ at December 31, 2019. Furthermore, during the year, internal controls were regularly carried out, both on first and second level, to ensure the periodic updating of the information and documentation required by the procedure, and aimed at excluding potential risks of non-compliance.

¹ For the purposes of this analysis, only suppliers with which purchases of more than Euro 50 thousand were conducted in 2019 have been considered.



The Prada Group considers the risk of non-compliance throughout its direct supply chain to be low thanks, not only to the geographical location of the suppliers, but also thanks, as already mentioned, to the in-depth knowledge of such suppliers obtained as a result of the duration and quality of the relationships established.

During 2019 controls over the observance of the Group's "Qualified Vendor List" procedure were further intensified with checks on a wider sample of suppliers on the compliance of documentation produced, made available by the supply chain and entered in the QVL.

Such controls were entrusted to an internal function set up specifically for such purpose with personnel from the competent business areas for the various types of controls, such as the administration, human resources, safety and industrial departments.

The role of this professional team, working in close collaboration with the Industrial Divisions, is to provide technical and specialized support to verify the labor, tax, health and safety and environmental regulatory compliance of the supply chain through visits to suppliers, planned in a systematic and organized manner. In 2019, the team started to conduct its monitoring visits to all suppliers of the Leather Goods Division.

OUTLOOK

In its journey towards an inclusive development, which excludes modern slavery along its value chain, the Prada Group firmly believes that the strengthening of the "Qualified Vendor List" procedure is an adequate measure to minimize its risk profile.

Nevertheless, the Group intends to confirm its commitment to social sustainability, constantly update its risk assessments of its supply chain and continue the monitoring visits to its suppliers with the aim of completing, within the first months of 2020, those already started at the end of 2019 in the Leather Goods Division. Moreover, Prada will undertake a similar activity for all suppliers of the Clothing and Footwear divisions.

Chairman of the Board of Directors of Prada S.p.A.
Carlo Mazzi
Milan (Italy), June 22, 2020