

**ORGANISATION, MANAGEMENT AND
CONTROL MODEL**

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— Definitions

The following definitions refer to the terminology used in this Model. They are supplemented by any further definitions contained in the Special Sections of the Model or in the individual documents attached thereto.

Senior Executives: individuals holding representative, administrative or management offices in the Company with financial and functional autonomy, as well as individuals exercising, also de facto, management or control over the Company;

Activities at risk or sensitive activities: activities carried out by the Company in the scope of which the commission of predicate offences could abstractly take place.

Independent Contractors: all independent contractors considered as a whole, i.e. Consultants, Suppliers, Partners, persons acting in the name and/or on behalf of Prada S.p.A. by virtue of a mandate contract or any other contractual relationship of professional collaboration, including atypical contracts.

CCNL: the National Collective Bargaining Agreements applied by the Company

Code of Ethics: the code of ethics adopted by the Company and approved by the Board of Directors of Prada S.p.A., as well as the relevant updates.

Legislative Decree 231/2001 or the Decree: the Legislative Decree of 8 June 2001, which came into force on 4 July 2001, as amended and supplemented.

Recipients: Company Officers, Employees of every order and grade of the Company, as well as Consultants, Suppliers and, in general, all persons with whom the Company has entered into any form of collaboration agreement that takes place within the scope of the activities at risk under the Decree.

Employees: persons having an employment relationship with the Company, who, as such, are subject to the management and control of others.

Entity(ies): entities with legal personality, companies or associations, including those without legal personality.

Company Officers: directors, supervisory bodies, liquidators and managers of Prada S.p.A.

Group: Prada S.p.A. and its subsidiaries.

HSE: Prada's Health & Safety and Environmental Protection department, which oversee legislation and case law on health, safety and environmental issues, with tasks of coordination, support, monitoring and preventive control of health, safety at work and environmental activities.

Persons in charge of a public service: Article 358 of the Italian Criminal Code provides that "...persons in charge of a public service are those who, for whatever reason, perform a public service. Public service must be understood as an activity regulated in the same forms as the public function, but characterised by the lack of the powers typical of the latter, and with the exclusion of the carrying out of simple organisational tasks and the provision of purely practical work...". The legislator defines "public service" making reference to two criteria, one positive and one negative.

According to the first criterion, the "service", in order to be defined as public, must be regulated by rules of public law; the second criterion specifies that the public service, in order to be defined as such, must be devoid of the powers of a certifying, authorising and deliberative nature that are typical of the "public function". The legislator also provides that the performance of "mere tidy tasks" or the "performance of purely material work" can never constitute "public service".

With reference to activities that are carried out by private entities on the basis of a concession relationship by a public entity, it shall be held that, for the purposes of classifying the entire activity carried out within the framework of that relationship as a "public service", it is necessary to ascertain whether the individual activities are subject to public law provisions, not being the existence of an authoritative act engaging the individual sufficient.

In order to facilitate the identification of a public entity, case law has developed certain "revealing indices", mainly applied in relation to cases concerning state-controlled joint stock companies. Among the most relevant indices are:

- **a - the subjection (of the Company) to the State's or other public bodies' supervision and direction for social purposes, as well as the power to appoint and dismiss directors;**
- **b - agreements and/or concessions with the public administration;**
- **c - financial contribution by the State;**
- **d - the public interest within the economic activity.**

On the basis of the foregoing, in order to determine whether or not a person has the status of "person in charge of a public service" one must have regard to the legal nature of the entity, but also to the functions actually performed by the person, which must consist in the care of public interests or the satisfaction of needs in the general interest.

Organisation Model or Model: the organisation, management and control model adopted by Prada S.p.A. pursuant to the Decree

Corporate Bodies: the Board of Directors, the Board of Statutory Auditors and their members.

231 Supervisory Board or SB: A board, granted with autonomous powers of initiative and control, with the task of supervising the functioning, observance and updating of the 231 Organisation Model, pursuant to Article 6, paragraph 1 lett. b, of the Decree.

Special Section: a section of the Model in which, following to the risk assessment activities, the types of offences from which the Entity may abstractly incur liability are identified, the activities at risk and the main persons and departments involved in these activities are identified, the principles of conduct and company procedures to be followed by all Recipients are indicated, as well as the control measures put in place by the Company in order to prevent and avoid the commission of the predicate offences.

Prada or the Company: Prada S.p.A.

Control Measures: the set of rules and procedures prepared by the Company for the prevention of predicate offences.

Public Administration: any legal entity that is responsible for public interests and that carries out legislative, judicial or administrative activities under public law and authoritative measures.

It should be noted that the Italian Criminal Code does not provide any provision defining public administration; however, the Ministerial Report on the Italian Criminal Code, doctrine and case law, leaning towards a substantive approach, consider all those entities that carry out "the activities of the State and other public entities" to be part of the "Public Administration".

Trying to provide a definition - albeit partial - of the legal entities belonging to this category, Legislative Decree 165/2001, which regulates the employment relationship with public administrations, defined all state administrations as public administrations in Article 1(2).

It should be noted, however, that not all natural persons acting within and in relation to the aforementioned entities can be considered to hold the subjective qualifications required for offences against the Public Administration. To this end, "Public Officials" (Article 357 of the Italian Criminal Code), "Persons in Charge of a Public Service" (Article 358 of the Italian Criminal Code) and "Persons performing a service of public utility" (Article 359 of the Italian Criminal Code) are to be taken into account.

Public Official: pursuant to Article 357(1) of the Italian Criminal Code, a public official "for the purposes of criminal law" is a person who exercises "a legislative, judicial or administrative public function". The second paragraph also makes it clear that "...the administrative function governed by public law and authorising laws and characterised by the shaping and carrying out of the will of the public administration or by its performance by means of authoritative or certifying powers shall be deemed as public...".

The aforementioned regulatory definition limits the administrative function "externally", by using a formal criterion, which refers to the nature of the discipline, specifying that the administrative function is public if it is provided for by "public law", i.e. by those rules aimed at the pursuit of a public purpose and the protection of a public interest, which, as such, are contrasted with the rules of private law.

The second paragraph of Article 357 of the Italian Criminal Code, on the other hand, provides for some of the main criteria identified by case law and doctrine to differentiate the notion of "public function" from that of "public service". In particular, following a substantive approach, "public functions" are defined as all those administrative activities that respectively and alternatively constitute the exercise of (a) decision powers; (b) authoritative powers; (c) certifying powers. On the other hand, the legislature has not carried out a similar defining activity to specify the notion of "regulatory function" and "judicial function".

Predicate Offences or Offences: a list of the offences provided for in the Decree, the commission of which by Senior Executives or Employees could give rise to the liability of the Company.

Risk Assessment: an activity carried out by external professionals appointed by the Company, aimed at identifying and "mapping" the sensitive activities and corporate functions that could theoretically be exposed

to the risk of one of the Predicate Offences being committed. This activity is carried out by studying company procedures and further documentation provided by the Company, conducting interviews with each of the various corporate functions concerned, analysing with them the most relevant profiles linked to the performance of the relevant sensitive activities, and identifying and/or implementing the safeguards to be adopted to prevent the risks of offences being committed.

Whistleblowing: a tool enabling employees, consultants, independent contractors and any other person working with the Company to report any irregularities they may have become aware of in the course of their work or in any other circumstance and to submit, in order to protect the entity's integrity, reasoned reports of unlawful conduct relevant under Legislative Decree 231/01 or of violations of the Company's Model, of which he/she has become aware by reason of his duties.

General Section

— 1. Entities' criminal liability

1.1. Legislative Decree 231/2001

Legislative Decree No. 231 of 8 June 2001, which came into force on 4 July of the same year, introduced into the Italian legal system the "Regulations governing the administrative liability of legal entities, companies and associations, including those without legal personality", thus implementing Articles 11 and 14 of Delegated Law No. 300 of 29 September 2000, by means of which the Government had been entrusted with the task of fulfilling the obligations, assumed at international level, of adapting to the conventions signed on the subject of the liability of entities for offences and, in particular:

- **the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;**
- **to the Brussels Convention of 26 May 1997 on the fight against corruption involving EU officials or officials of EU countries;**
- **the OECD Convention of 17 December 1997 Combating Bribery of Foreign Public Officials in International Business Transactions.**

Such Decree, by not applying the old principle "societas delinquere non potest", has introduced a formal administrative liability for entities (which is, however, similar in substance to criminal liability, as to the proceedings and sanctioning) for offences committed in the interest or to the advantage of the entity by persons functionally connected to the latter.

In particular, the rationale of the regulations was to place alongside the criminal liability of the natural person, who materially committed the offence, also a form of liability for the entity that, culpably or even intentionally, made the offence possible.

Therefore, it is not a question - as is the case in other legal systems - of a form of absolute liability (responsabilità oggettiva) automatically ascribable to

the company every time an offence is committed in its interest or to its advantage, as set out in the catalogue of predicate offences, but, on the contrary, it is rather a liability that stems from a reprimand linked to an organisational and control deficit within the entity itself, which has in some way favoured, if not actually encouraged, the commission of the predicate offences by the natural persons functionally connected to it.

1.2. The Recipients of the Decree

Article 1 of the Decree provides for the persons the Decree shall apply to, by identifying the recipients of the regulation as "entities endowed with legal personality" (e.g., incorporated associations and foundations endowed with legal personality, as well as corporations, which have perfect patrimonial autonomy under our legal system) and "companies and associations also without legal personality" (such as unincorporated associations, committees, etc.).

By express provision of Article 1(3), however, the Decree does not apply to the State, public territorial bodies (regions, provinces, municipalities, etc.), other non-economic public bodies, and bodies that perform functions of constitutional importance (such as, for example, trade unions and political parties).

1.3. Predicate Offences

The entity's liability, if any, must be considered limited exclusively to the offences referred to in Articles 24 et seq. of the Decree, i.e. the "Predicate Offences".

The original version of the Decree limited itself to identifying, as predicate offences, certain cases aimed at protecting the public administration and its assets. Over the years, however, the legislator, also in order to comply with the various international law regulations that have been adopted at the same time, has enhanced the number and type of offences from which the liability of the entity may arise.

A detailed list of Predicate Offences provided for by the Decree can be found in Annex B of the Model, which is constantly updated by the Company to incorporate the latest news and/or regulatory changes.

— **Inchoate offences (Article 26)**

Pursuant to Article 26 of the Decree, the entity's

administrative liability for criminal offences also exists when the predicate offences are committed in the form of an inchoate offence (Article 56 of the Italian Criminal Code), i.e. when the natural person has merely carried out "...acts that are suitable, unambiguously directed towards the commission of a crime..." included among those provided for in the Decree.

In these cases, the Decree provides that the amount of the pecuniary sanctions and the duration of the disqualification measures, provided for in such cases, are reduced by between one third and one half and that, where the agent "...voluntarily prevents the action from being carried out or the event from taking place", no sanctions are imposed.

This is nothing more than a particular hypothesis of the "active withdrawal" provided for in Article 56(4) of the Italian Criminal Code, in which the exclusion of sanctions is justified by virtue of the interruption of any relationship of identification between the entity and the persons who assume to act in its name and on its behalf.

— Offences committed abroad and cross-border offences

Pursuant to Article 4 of the Decree, it is provided that "in the cases and under the conditions laid down in Articles 7, 8, 9 and 10 of the Italian Criminal Code" (i.e. for all those cases in which the Italian criminal law recognises the State's jurisdiction over offences committed abroad by natural persons¹), entities having their head office in Italy are also liable for offences committed abroad, provided, however, that the State of the place where the offence was committed does not prosecute the offence.

Law No. 146 of 16 March 2006, which ratified the United Nations Convention against Transnational Organized Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001 respectively,

also provided, in Article 10, that entities are subject to liability under the Decree in relation to certain crimes of association² if these are characterised by transnationality.

In particular, under Article 3 of the latter law, an offence is to be considered "transnational" when an organised criminal group is involved in its commission and when it is punishable by imprisonment of no less than a maximum of four years, as well as when, alternatively: 1) it is committed in more than one State; 2) it is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State; 3) it is committed in one State, but an organised criminal group engaged in criminal activities in more than one State is involved; 4) it is committed in one State but has substantial effects in another State.

— Offences committed in Italy by foreign companies

A particularly topical issue, on which the Italian Supreme Court has recently issued several judgments, is the jurisdiction of the Italian courts, for the purposes of the liability of the body pursuant to the Decree, in the hypothesis of the predicate offence committed in Italy by companies having their registered office and exercising their organisational and management activities in foreign countries.

With regard to these hypotheses (unlike Article 4, concerning offences committed abroad by companies having their head office in Italy), the Decree did not provide for specific rules, which had initially led to the assumption that, in this respect, the Italian courts would not have jurisdiction over any criminal liability attributable to the entity.

However, in its recent judgment No. 32899 of 8 January 2021, the Italian Supreme Court, concerning the criminal liability of entities, held that if the

¹ These are, in particular, offences against the personality of the Italian State, offences of counterfeiting the seal of the Italian State, offences of counterfeiting currency which is legal tender in the territory of the State, offences committed by public officials in the service of the State (Article 7 of the Italian Criminal Code), as well as other political offences not provided for in Article 7 of the Italian Criminal Code (Article 8 of the Italian Criminal Code), offences committed abroad by an Italian citizen for which the Italian law provides for a penalty of life imprisonment or imprisonment of no less than three years (Article 9 of the Italian Criminal Code), and of offences committed by a foreigner abroad, punishable by life imprisonment or imprisonment of no less than a minimum of one year, and provided that the foreigner is on State territory (Article 10 of the Italian Criminal Code).

² These include, in particular, the offences of criminal conspiracy, mafia-type offences, conspiracy to smuggle foreign processed tobacco, conspiracy for trafficking of narcotics or psychotropic substances and migrants trafficking.

predicate offence has been committed on Italian territory, the Italian courts have jurisdiction on the administrative offence of the legal person even in the event that the legal person has its head office abroad, because the place where the offence is committed, which determines the jurisdiction, is the place where the predicate offence is committed.

1.4. I presupposti della responsabilità

The requirements for entities' criminal liability, in line with the government report accompanying the Decree, are commonly distinguished into objective and subjective.

1.4.1. Objective requirements

— The commission of a predicate offence

In accordance with the principle of legality, Article 2 of the Decree provides that an entity cannot be held liable for an act constituting an offence if its administrative liability in relation to that offence, as well as the relevant sanctions, have not been expressly provided for by a law that came into force before the act was committed.

Therefore, the first objective requirement necessary for the entity to be held liable for an offence is that one of the predicate offences, whether committed or attempted, as set out by Articles 24 et seq. of the Decree, must have been provided for by a law that came into force before the act was committed.

— The perpetrator of the predicate offence

For the purposes of liability to be ascertained, it is also necessary that the offences under the Decree were committed by persons having a qualified relationship with the entity.

Pursuant to Article 5 of the Decree, in fact, the entity is liable exclusively for predicate offences **committed** in its interest or to its advantage **by**:

- 1. persons performing representative, administrative or management functions in the entity or one of its organisational units having financial or functional autonomy ("**Senior Executives**");

- 2. persons who exercise, even de facto, the management and control of the entity ("**De Facto Senior Executives**");

- 3. persons subject to the management or supervision of one of the aforementioned persons ("**Employees**" or "**Subordinates**").

As regards the identification of Senior Executives, an objective-functional criterion based not on the formal qualification but on the activity concretely performed shall be applied, thus including not only those persons who commonly represent the top of the corporate structure (such as, for instance, the sole director or the board of directors as a whole), but, in compliance with the principles of personal nature of criminal liability and effectiveness, also all those persons who express the will of the entity and define the company's management policies.

With regard to persons subject to the management or supervision of the Senior Executives, this category too has been interpreted over time in an extensive sense, since it cannot be limited to employees alone, but must also include all those persons who are self-employed or even independent contractors (such as, for example, agents, consultants, suppliers and other persons having contractual relations with the company), who, in the performance of an assignment and under the management and control of senior executives, have committed a predicate offence in the interest and to the advantage of the entity³.

In relation to the predicate offences committed by employees, it should also be noted that Article 7 of the Decree provides that the entity may be held liable for such conduct only if the commission of the offence was made possible by the failure of persons with management powers to comply with their management and supervisory obligations (Article 7, Legislative Decree no. 231/2001).

— Autonomy of the entity's liability

By virtue of the principle of "autonomy of the liability of the entity", provided for by Article 8 of the Decree,

³ The forerunner of this extensive thesis was a well-known order issued by the Court of Milan, Judge for Preliminary Investigations Office, on 27 April 2004, which ordered against a well-known multinational company - subject to proceedings for administrative liability under the Decree for having committed the crime of bribery - the disqualifying measure, in the form of a precautionary measure, of the prohibition to contract with the Public Administration for one year; on that occasion, the Court had assessed the indicative evidence of the unlawfulness of the conduct of not only two of its employees, but also of an external consultant to whom the company had turned, without the latter's extraneousness to the company's organisational chart being in any way valid for the purposes of excluding the company's liability.

the liability of the entity is autonomous with respect to particular subjective conditions of the natural person perpetrator of the offence and to particular procedural events concerning the predicate offence.

In particular, Article 8 provides that the entity cannot benefit either from the non-punishability of the natural person who materially committed the predicate offence or from the failure to identify the latter, or from classifying the predicate offence as no longer punishable (“*estinzione del reato*”) other than amnesty.

— Interest or advantage

A further objective requirement, necessary for the entity to be held liable, is set out in the aforementioned Article 5 of the Decree, which expressly requires that the predicate offence committed by the Senior Executives or Employees must be committed in the **interest** or to the **advantage** of the entity.

In this regard, it is worth noting that in case law, these two criteria have been understood as distinct from each other and ascertainable from two different perspectives.

On the one hand, in fact, the criterion of interest expresses a teleological assessment of the offence, to be ascertained “*ex ante*”, i.e. at the time of the commission of the offence and according to a subjective assessment; therefore, this requirement represents the perpetrator's intention to bring a benefit to the entity through the commission of the offence, being it irrelevant that this benefit is then actually achieved⁴.

On the other hand, the advantage shall be deemed as an objective criterion, to be as “*ex post*”, on the basis of the effects concretely deriving from the commission of the offence⁵.

The special cases of exclusion of liability and attenuated liability provided for by the Decree in Articles 5(2) and 12(1)(a) respectively are closely linked to the objective requirements of the entity's interest and advantage set out above.

The former provision expressly provides that the entity must in any case not be held liable if it is proved that the senior executives or subordinates who materially committed the predicate offence acted solely in their own interest or in the interest of third parties (Article 5, para. 2).

Case law has clarified that this exemption from liability also applies where the offence has produced an actual advantage for the entity: the fact that the perpetrators of the offence acted solely in their own interest or in the interest of third parties, in fact, determines the lack of organic identification between the subject and the entity and the offence committed, while granting an advantage to the entity, can no longer be considered to be related to the entity's own doing, but must be considered to be a fortuitous advantage, not attributable to the will of the legal entity⁶.

If, on the other hand, the perpetrator has committed the offence in his own predominant (but not exclusive) interest or in the interest of third parties, and the entity has not gained an advantage or has gained a minimal advantage, the administrative sanction shall be reduced pursuant to Article 12(1)(a) of the Decree.

1.4.2. Subjective Requirements

Meeting all the objective requirements set out in the above paragraphs is a necessary but not sufficient condition for the entity to be held liable. For the purposes of liability, in fact, the Decree also requires the fulfilment of further subjective requirements, aimed at ascertaining an autonomous guilt of the entity, which is given by a deficiency in the organisation or activity, compared to a model of diligence required by the company as a whole.

More precisely, the Decree diversifies the methods for ascertaining the liability of the entity depending on the perpetrator of the predicate offence.

The commission of a predicate offence by one of the **Senior Executives** usually is a sufficient condition for the entity to be held liable, unless the latter, on which a precise burden of proof exists, provides evidence of

⁴ See Italian Supreme Court, Criminal Joint Divisions, judgement of 24 April 2014, no. 38343; more recently, *ex multis*, Italian Supreme Court, Criminal Division, IV Division, judgment of 3 March 2021, no. 22256.

⁵ *Ibidem*.

⁶ See, *ex multis*, Italian Supreme Court, I Criminal Section, judgement of 26 June 2015, no. 43689; Italian Supreme Court, II Criminal Section, judgement of 23 December 2020, no. 37381.

the exempting conditions set out in Article 6(1) of the Decree, namely:

- **a - the adoption and effective implementation, prior to the commission of the offence, of organisational and management models capable of preventing offences of the kind committed and meeting given complex requirements set out in paragraph 2 of the aforementioned Article 6;**
- **b - entrusting an internal body, endowed with autonomous powers of initiative and control, with the task of supervising the functioning, observance and updating of the aforementioned models;**
- **c - the fact that the commission of the offence was made possible because the perpetrators fraudulently circumvented the organisation and management models;**
- **d - there was no omission or insufficient supervision by the body referred to in letter b).**

In other words, therefore, in order for the entity to be exempted from liability, it is necessary to draw up and implement preventive organisation plans, endowed with the utmost **efficacy**; plans that are, however, circumvented by the Senior Executive committing the offence.

There is a **rebuttable presumption** (or *iuris tantum*, which admits, therefore, proof to the contrary) that the offence belongs to the organisation and to the company's policy itself, with a real reversing of the burden of proof which, contrary to the general rules of criminal proceedings, falls on the entity subject to the proceedings.

The perspective is diametrically reversed, however, when the perpetrator of the predicate offence is a **person subject to the others' management**. In this case, Article 7 of the Decree provides that the liability of the entity exists only if the commission of the offence was due to the failure to comply with the management and control obligations that the entity should have ensured; this circumstance, in line with the general principles governing the distribution of the burden of proof in criminal proceedings, must be proved in court by the public prosecution, without any

presumption that the offence was attributable to the entity.

By express provision of Article 7, in the event that the predicate offence is committed by an employee, liability is in any case ruled out if the entity, before the offence is committed, has **adopted and effectively implemented** an organisation, management and control model capable of preventing offences of the same kind as the one that has occurred.

1.5. Sanctions

The assessment of liability under the Decree exposes the entity to various types of sanctions, which, based on the principle of legality set out in Article 2 of the Decree, are expressly identified by the Legislator.

Article 9 of the Decree provides that the following sanctions are applicable to the entity:

- **a - fines;**
- **b - disqualification measures;**
- **c - publication of the sanctioning decision;**
- **d - confiscation.**

Ascertaining that an offence has been committed always leads to the application of a fine to the entity, to the extent specified by law, as well as to the confiscation of the price or profit of the offence, including for equivalent amounts.

In addition to the fine, the Decree also provides for the possibility of imposing disqualification measures on the entity - which may also be applied as a precautionary measure, where the conditions set out in Article 45 of the Decree are met - as well as the publication of the sanctioning decision.

1.5.1. Fines

The quantification of the fines applicable under the Decree is based on a system of determination by "quotas": for each offence, in fact, the law abstractly provides for a minimum number and a maximum number of quotas that can be imposed, similarly to the statutory framework that traditionally characterise the penalty system relating to natural persons.

Article 10 of the Decree provides that, in general, the number of fee "quotas" can never be less than

one hundred and more than one thousand and that the amount of the individual fees must be between a minimum amount of EUR 258.00 and a maximum amount of EUR 1,549.00.

the entity has been established, the judge determines the fine applicable in the specific case, following the criteria indicated in Article 11, namely:

- for the purposes of determining the number of quotas, take into account the seriousness of the offence, the degree of the entity's liability, any activity carried out to eliminate or mitigate the consequences of the offence and/or to prevent the commission of further offences;
- for the purposes of determining the amount of the individual quota, the economic and asset conditions of the entity are taken into account, so that the principle of proportionality - provided for by in the Italian Constitution - is complied with and the effectiveness of the sanction is guaranteed.

Article 12 of the Decree, then, provides that the fine - which cannot, however, exceed EUR 103,291.00 - is reduced:

— **1. by half if:**

- a** - the perpetrator committed the offence primarily in his/her own interest or in the interest of third parties and the entity obtained no or minimal benefit from it;
- b** - the financial harm caused is particularly slight;

— **2. from one third to one half if, before the declaration of first instance trial opening (para. 2), one of the following conditions occurs:**

- a** - the entity paid full compensation for the harm and eliminated the harmful or dangerous consequences of the crime or has effectively taken steps in that regard;
- b** - an organisation model suitable for preventing

offences of the kind that have occurred has been adopted and implemented;

- **3. one-half to two-thirds**, if both these conditions of Article 12(2) are fulfilled.

1.5.2. Disqualification measures

In the cases provided for by law, the criminal court may apply the following disqualification measures to the entity, identified by the Decree in Article 9(2):

- disqualification from the exercise of business activity;
- suspension or revocation of the authorisations, licenses and concessions involved in the commission of the offence;
- prohibition of entering into contracts with Government Entities;
- exclusion from benefits, loans, grants or subsidies and the possible revocation of those already granted;
- prohibition of advertising goods or services.

Similarly to fines, the criminal court may impose disqualification sanctions on the entity only where there is an express statutory provision providing for them in relation to the predicate offence actually committed. Unlike fines, however, disqualification measures apply only when at least one of the following conditions laid down in Article 13 is met:

- **a** - the entity has obtained a significant profit as a result of the offence and the Offence was committed by Senior Executives or Subordinates and the commission of the offence was facilitated by serious organisational deficiencies;
- **b** - in cases of repeated offence.

In any case, the disqualification measure, pursuant to the last paragraph of Article 13, without prejudice to the particular cases provided for in Article 25(5)⁷, of the Decree, has a **duration of** no less than three

⁷ This rule, together with the subsequent paragraph 5 bis, provides for an exceptional regulatory framework for the application of disqualification measures with regard to certain offences committed against the Public Administration, and was recently amended by Law No. 3 of 9 January 2019 (the so-called "Spazzacorrotti" Law).

months in the minimum and no more than two years in the maximum.

Given the high interference of this type of sanctions, they must be targeted and punctual in their application: indeed, they must refer specifically to the **sector of activity** of the entity in which the offence was committed (Article 14) and must be adapted in accordance with the principles of adequacy, proportionality and subsidiarity⁸.

Pursuant to Article 14(3) and (4) of the Decree, disqualification measures may also be applied jointly, but the - more serious - disqualification from the exercise of business activity must only be applied if the imposition of other disqualification measures proves inadequate.

Where the prerequisites exist for the application of a disqualification sanction leading to the interruption of the entity's activity, the court, instead of applying the measures, may order, under certain conditions, the continuation of the activity, appointing a **court-appointed receiver** (Article 15).

Article 16 of the Decree then provides for the possibility of imposing **definitive** disqualification measures, such as:

- permanent disqualification from the exercise of business activity, if the entity has derived a significant profit from the offence and a judgement has already been issued, at least three times in the last seven years, imposing a temporary disqualification, or if the entity (or one of its organisational units) is permanently used for the sole or predominant purpose of enabling or facilitating the commission of offences for which it is held liable under the Decree;
- the prohibition of entering into contracts with Government Entities or the prohibition to advertise goods or services, when the entity has already been sentenced to the same sanction at least three times in the last

seven years.

Finally, Article 17 of the Decree provides for the exclusion of the application of disqualification measures where, prior to the declaration of the opening of the first instance hearing, the following conditions are met:

- a - the entity paid full compensation for the harm and eliminated the harmful or dangerous consequences of the offence or has effectively taken steps in that regard;
- b - the entity has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisation models capable of preventing offences of the same kind as the one that has occurred;
- c - the entity made the profit obtained available for confiscation.

1.5.3. Publication of the sanctioning decision.

Pursuant to Article 18 of the Decree, the court may also order, when imposing a disqualification sanction on the entity, the publication of the sanctioning decision.

The publication of the sanctioning decision, whether an excerpt or in full, is carried out in the manner and in the places defined in Article 36 of the Code⁹, as well as by posting in the municipality where the entity has its head office.

1.5.4. Confiscation of the price or profit of the offence

Pursuant to Article 19 of Decree, sentences imposed on the entity "shall always be accompanied by the confiscation, also for equivalent value, of the price or profit of the offence, except for the part that can be returned to the injured party and without prejudice to the rights acquired by third parties in good faith". Where it is not possible to perform confiscation of the assets that constituted the price or profit of the offence, such confiscation may concern sums of money, assets or other benefits of equivalent value (confiscation "for equity").

⁸ Italian Supreme Court, VI Criminal Division, Judgment No. 20560, of 2010.

⁹ Pursuant to Article 36 of the Italian Criminal Code, the sanctioning decision "shall be published by posting in the municipality where it was issued, in the municipality where the crime was committed and in the municipality of the last residence of the convicted person", as well as "on the website of the Ministry of Justice".

1.5.5. Precautionary measures

Article 45 of the Decree provides for the possibility of applying the **disqualifications sanctions** laid down in Article 9(2) as a precautionary measure, if the following conditions are met:

- serious indices that the entity is liable for an administrative offence;
- there is founded and specific evidence that there is a concrete danger that crimes of the same type as that involved in the case will be committed.

In this case, disqualification measures are applied to the entity by the court, at the request of the public prosecutor.

As a precautionary measure, **preventive seizure** may also be ordered, pursuant to Article 53, of things which, constituting the price or profit of the offence or their monetary equivalent, are liable to confiscation pursuant to Article 19 of the Decree. In order to impose the preventive seizure, the court must assess the merits of the charge and find serious indications of liability of the entity¹⁰.

Finally, pursuant to Article 54 of the Decree, the judge may apply the **preventive seizure** against the entity if there is “well-founded reason to believe that the guarantees for the payment of the fine, the costs of the proceedings and any other sum due to the Treasury are lacking or are in danger of being lost”.

— 2. Organisation Model pursuant to Legislative Decree 231/2001

2.1. Function and legal effects of the Organisation Model

The Organisation, Management and Control Model has a **preventive-precautionary function** with respect to the potential commission, by persons functionally linked to the company, of the various types of offences to which the liability of the entity under the Decree extends.

¹⁰ Italian Supreme Court, VI Criminal Division, Judgment No. 34505 of 2012.

As already set out in the previous chapter, its adoption and effective implementation is of particular relevance, as it may constitute a cause of exemption of the entity from liability.

This exemption from liability operates differently depending on whether the perpetrator of the offence is a senior executive in the entity's structure or a subordinate.

In fact, if the offence has been committed by the latter, the mere adoption of a Model constitutes a (rebuttable) presumption that the entity is not liable: this means that the burden of proof that the organisation model adopted is not effective lies with the Public Prosecutor (Article 7).

On the contrary, if the predicate offence was committed by a top management of the entity, the adoption of the organisation model constitutes only one of the elements that must exist and of which the entity must provide proof in order for its liability to be ruled out: that is, the entity must prove that the offence was committed despite the adoption by the entity of an effective organisational and management model, and that the commission of the criminal offence was the result of evasive behaviour on the part of the Senior Executive (Article 6).

2.2. The content of the Organisation Model

The Decree itself provides for the indispensable requirements and contents for the Model to be said to have been effectively adopted, requiring, in Article 6(2), that it must:

- a - “identify the activities in the context of which the Offences may be committed;
- b - provide specific protocols to plan training and implementation of the entity's decisions regarding the crimes to be prevented;
- c - determine ways of managing financial resources suitable for preventing the commission of offences;
- d - impose obligations to inform the body charged with overseeing the functioning of and compliance with the models;

— e - introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model”..

The **risk mapping** phase represents the first and most critical step in the drafting of an effective Model and consists in identifying the sensitive activities carried out by the company within the scope of which the risk of the abstract commission of criminal offences is rooted, as well as the operating methods through which the commission of such offences is conceivable.

This first phase is followed by the activity of drawing up an effective **prevention and control system**, in which **safeguards** and **operational rules** are defined to guarantee the correct formation of the entity's decisions, as well as their faithful application in the context of the activities considered sensitive under the Decree.

The entity must identify, in a precise manner, the persons vested with **decision-making** powers as well as the criteria that must be applied in taking decisions; it must also define the **authorisation powers**, consistently with the responsibilities assigned and must, finally, outline a clear **separation of duties and functions** within the Company.

Particular emphasis is also placed by the Decree on the specific activity of **managing financial resources**, imposing its full regulation within the Model: the rationale for this legislative choice is rooted in the fact that, as a rule, the unlawful use of funds by the company is achieved by concealing their actual management.

In order to prevent such distortions, it is essential to provide, within the Model, rules of conduct aimed at guaranteeing the **traceability** of decision-making and financial flows, which make it possible, if necessary, to quickly ascertain “ex post” the path taken by the money, as well as the reasons that led the agent to carry out a given transaction.

Article 6, let. d, provides that, once the body appointed to supervise the observance and functioning of the Model has been identified - in compliance with the principles of autonomy and independence - it shall provide for timely and regular **information**, in order to ensure the effectiveness of the control and to make it possible, where necessary, to intervene promptly.

In addition, Article 6, letter e, in order to **effectively implement** the Model, requires an adequate disciplinary system to act as deterrent mean in order to ensure compliance with the provisions and procedures contained in the Model.

Paragraph 2 bis below, completing what was provided for in the previous paragraph with regard to the typical content of a Model, requires that information channels be provided and adequately publicised - at least one of which must be computer-based - which allow the persons indicated in Article 5 to submit, for the protection of the entity, accurate reports of unlawful conduct relevant under the Decree of which they have become aware in the performance of their duties (“whistleblowing”).

Finally, with regard to culpable offences in the field of health and safety at work, Article 6 of the Decree recalls what is laid down in Article 30 of Legislative Decree 81/2008 (Consolidated Labour Law), where it is required that the Model provide for **“a company system for the fulfilment of all legal obligations relating thereto:**

- a - compliance with the technical and structural standards of the law relating to equipment, plants, workplaces and chemical, physical and biological agents;
- b - risk assessment activities and the preparation of the consequent prevention and protection measures;
- c - activities of an organisational nature, such as emergencies, first aid, contract management, periodic safety meetings, consultations with workers’ safety representatives;
- d - health surveillance activities;
- e - information and training activities for workers;
- f - supervisory activities with reference to workers’ compliance with procedures and instructions for safe work;
- g - the acquisition of documents and certifications required by law;

- h - periodic checks on the application and effectiveness of the adopted procedures.

The Organisation, Management and Control Model must, therefore, interact with the other risk prevention and management systems present in the company organisation, which, if well-structured and integrated with each other, determine a maximisation of the prevention purpose and a substantial fungibility of contents.

2.3. Tools for drafting the Organisation Model

Article 6, paragraph 3, of the Decree provides for the possibility of drafting organisation models on the basis of **codes of conduct** drawn up by the trade associations representing the entities, through an approval procedure involving, inter alia, the Ministry of Justice.

It should be noted, however, that compliance with these codes of conduct, which serve as guidelines for the definition of the Model, does not automatically exempt the entity that adopts them from liability: indeed, these documents consist of mere general provisions, aimed at fostering a uniform approach and a particular awareness of certain specific issues, and are therefore in themselves incapable of ensuring the effectiveness of the Model.

Each entity, in fact, has the obligation to draw up and adopt a Model that takes into account its organisational and management peculiarities, the size and nature of the undertaking, and the type of business activity carried out.

Among these codes of conduct, in the scope of Italian legal system, the following guidelines shall be mentioned: **"Confindustria Guidelines to draft organisation, management and control models"**, recently amended and approved by the Ministry of Justice on 8 June 2021, which aim at **"offering undertakings that have chosen to adopt an organisation and management model a series of hints and measures, essentially drawn from company practice, considered in abstract to be suitable to respond to the requirements outlined in Decree 231"**¹¹.

2.4. The features of an effective Organisation Model

In light of the above, an organisation model can be said to be **effective** if it is:

- **specific**, i.e. drawn up considering the type, size, activity and history of the entity;
- **up-to-date**, i.e. constantly updated to meet the changing needs of the organisation and new and/or changing regulations;
- **dynamic**, i.e. if it ensures continuous control of the prevention system, by researching, updating and identifying new risks and carrying out periodic checks on the activities or areas of sensitive business activities;
- **effective**, i.e. effectively implemented within the entity, by means, on the one hand, of compliance with communication and information obligations vis-à-vis personnel as well as of differentiated training of the same, distinguishing between training addressed to employees in general and more specialised training with reference to those who work in specific risk areas, to the supervisory board and to those in charge of internal control, and, on the other hand, by means of the provision of an adequate disciplinary system.

2.5. Organisation Model and Code of Ethics

Finally, it is worth noting that, although not provided for in Legislative Decree 231/2001, the Code of Ethics represents a fundamental tool in order to draft a Model capable of preventing the predicate offences indicated therein, as a document aimed at affirming a principle of self-regulation for the purpose of preventing offences and affirming a culture of legality.

The Code of Ethics, in fact, provides for the values and prescriptions that underpin the entity's corporate policy and is intended to inform the individual conduct of employees and regular partners.

¹¹ Guidelines to draft Organisational, Management and Control Models Pursuant to Legislative Decree No. 231 of 8 June 2001, Introduction, Confindustria, June 2021.

2.6. Organisation Model and Groups of Companies

The Decree does not address the issue of the relationship between administrative liability for offences and corporate groups; however, the phenomenon of corporate groups represents a widespread organisational solution in the Italian economic framework, which is why the subject has been widely discussed both in doctrine and case law and by the trade associations representing entities.

In particular, the issue was dealt with by the Confindustria guidelines, which focused on I) the possibility of holding a group liable under the Decree - excluding it II) the possibility of holding a parent company liable for the offence committed within the subsidiaries, and III) the safeguards that the parent company and the subsidiaries can equip themselves with to avoid incurring a liability charge under the Decree.

With regard to the group liability, it is first of all necessary to emphasise that the Italian legal system, which recognises the phenomenon of companies organised in the form of a group - regulating "control", "connection" and "management and coordination" between companies - does not however understand it as an entity, but rather as an aggregation of companies, lacking autonomous capacity and legal personality, in which the companies are linked to each other by the management power of a single economic entity, but remain distinct and autonomous from a legal and financial point of view.

It follows that, since it is not itself an entity, the "group" cannot be included among the persons indicated in Article 1 of the Decree as recipients of the regulatory provisions: it is therefore not possible to speak of a liability of the group, in and of itself; if anything, it is possible to speak of a liability in the group.

Since the beginning of the legislation on the administrative liability of entities, case law has recognised the possibility that, in groups of companies, the parent company may be held liable for acts that occurred within a subsidiary.

Earlier rulings based the parent company's liability on the concept of the "group interest": if the group is the bearer of a unitary interest for which the parent company's participation in the definition of

certain business policy choices of its subsidiaries are permissible, then the same group interest may also represent the criterion for holding the parent company liable in the event that one of the relevant offences is committed in a group company.

This, however, could give rise to the automatic attribution of (strict) liability to the parent company in the case of an offence committed within a subsidiary.

In its subsequent rulings, the Italian Supreme Court has therefore come to state that in order to hold the holding company liable, it is necessary for it to have pursued a concrete interest or derived an actual advantage, since the criterion of group interest cannot be applied automatically (Italian Supreme Court, Criminal Division, judgment no. 24583 of 2011).

Moreover, the Court stated that the person acting on its behalf must have actually participated in the commission of the of the predicate offence with the perpetrator, since a generic reference to the role of parent company, and therefore to the management and coordination functions exercised, is not sufficient to prove the company's liability.

Belonging to a group cannot, therefore, automatically imply the liability of the parent company for offences committed by its subsidiaries.

Similarly, it was stated in Judgment No. 52316 of 2016 that **"as regards criminal liability of entities, where the predicate offence has been committed by a company that is part of a group or business combination, liability may extend to associated companies only on condition that:**

- the interest or advantage of one company is also accompanied by the interest or advantage of another company;
- the natural person perpetrator of the predicate offence is in possession of the subjective qualification required, pursuant to Article 5 of Legislative Decree No. 231, for the purposes of the charge of the administrative offence due to the commission of a criminal offence".

In conclusion, therefore, the holding company/parent company may be held liable for the offence committed

in the activity of the subsidiary if: I) a predicate offence has been committed in the direct interest or advantage not only of the subsidiary but also of the parent company; II) natural persons functionally connected to the subsidiary have participated in the commission of the predicate offence by making a causally relevant contribution in terms of complicity in the offence, proven in a concrete and specific manner.

The following safeguards are those most commonly identified as effective so that, within the context of groups of companies, charges under the Decree against the parent company can be ruled out for facts occurring within the subsidiaries.

First, the carrying out by each subsidiary of an independent assessment and management of the relevant risks under the Decree and the consequent drafting and updating of its own organisation model. The adoption by each group company of its own model has two important consequences:

- it allows the development of a model that effectively reflects the organisational reality of the individual company, with a precise assessment and management of the specific risks of offences;
- it proves an effective autonomy of the individual group company, reducing the possibility of an upward shift of liability to the parent company.

Secondly, the appointment by each group company of its own, autonomous Supervisory Board, in compliance with the provisions of Article 6(1)(B) of the Decree.

This does not exclude a power on the part of the parent company to provide guidelines with respect to the implementation methods of the organisation models, a code of conduct structure, common principles of the disciplinary system and implementation protocols (etc.); however, this information coming from the parent company must be implemented by the individual group companies in the scope of their organisational system.

— 3. The organisation, management and control model of Prada S.p.A.

3.1. Description of the corporate structure of Prada S.p.A.

Prada S.p.A. is the holding company of the Prada Group, which consists of a plurality of companies and carries out the design, production and distribution of leather goods, clothing, footwear and accessories and ranks among the world leaders in the luxury sector. The Group owns some of the most prestigious brands in the luxury sector, Prada, Miu Miu, Church's, Car Shoe, Luna Rossa and Marchesi 1824, with which it offers its products worldwide, distributing in more than seventy countries through a distribution network consisting of multiple mono-brand shops, a direct e-commerce channel as well as selected e-tailers and department stores around the world. It also has twenty-three production plants of its own - twenty of which are in Italy, one in Great Britain, one in France and one in Romania - and a total of around thirteen thousand employees.

The Parent Company Prada S.p.A., with registered office in Milan, Via Antonio Fogazzaro, 28 (IT), is the Group's operating company and, as such, has a management and coordination role with respect to the other subsidiaries.

As of 20 June 2011, the Company placed 20% of its shares on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange of Hong Kong") and is, therefore, currently subject, in addition to the Italian regulations dictated by the Italian Civil Code, to application of the Code on Corporate Governance Practices and, more specifically, to the rules governing the listing of financial instruments on the Stock Exchange of Hong Kong ("the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited").

The Company's Board of Directors, vested with all powers of ordinary and extraordinary administration and composed to date of eleven directors - including a Chairperson, two Managing Directors, two Executive Directors, one Non-Executive Director and five independent Non-Executive Directors - is entrusted

with the role of governance and coordination of the Company's business activities, which is also carried out through specific proxies assigned to the operational members in their respective areas of responsibility.

In particular, with regard to the Executive Directors, the responsibilities are divided as follows:

- **the Chairperson is responsible for the direct coordination of the Institutional Area (to which the Corporate Affairs, Investor Relations, Internal Auditing and Risk Management, Shareholdings and Data Protection Officer Departments report);**
- **the Managing Directors, to the extent competent, are responsible for coordinating the Style, Communication, Industrial, Commercial and Corporate areas (which include the Management and Finance, Information Technology, Management Control, General Services and Human Resources Departments;**
- **the Chief Financial Officer is in charge of coordinating the Management and Finance Department, which includes the Prada S.p.A. Management, Europe Management and Finance, Corporate Management Control, Taxation, Financial Project Stores Corporate Finance, Consolidated Financial Statements, Project Finance and Tax Risk Management functions, and the Investor Relations Department.**

Pursuant to Article 21.8 of the Articles of Association, the Board of Directors of Prada S.p.A. appointed the Internal Control Committee, the Remuneration Committee, the Appointments Committee and the Inside Information Disclosure Committee, whose regulations were also adopted in compliance with the provisions of the rules governing the listing of financial instruments on the Stock Exchange of Hong Kong Limited.

The Internal Control Committee, comprised of three independent non-executive directors, is responsible for providing the Board of Directors with an independent opinion on the effectiveness of the Company's financial reporting process, its internal control and risk management system, and overseeing both the external and internal audit process, also coordinating the

activities of the Internal Auditing and Risk Management Department.

As for the main internal divisions, the Company is structured as follows:

- **the Style Area, which defines the underlying theme of each collection for all the Group's brands and product lines, designs the sketches for garments, footwear and accessories, and sets and approves all products to be presented to the market;**
- **the Marketing and Communication Department, which is responsible for the development of strategic lines in relation to brands, product categories and target markets;**
- **the individual brand Departments, which are responsible for the implementation of the commercial development strategies of the brands and the achievement of business objectives through the coordination of the various corporate departments involved;**
- **the Industrial and Logistics Departments, which are responsible for the acquisition of raw materials, industrialisation, implementation and management of production as well as the coordination of the various stages of storage, shipment and distribution of the finished product, including aspects relating to the organisation of transport and customs practices;**
- **the Engineering Department, which is responsible for the design, implementation and management of investment projects for the retail network, industrial buildings and offices;**
- **the Administration and Finance, Management Control, Internal Auditing and Risk Management, and Human Resources Departments, which guarantee the supervision of all corporate activities;**
- **the Information Technology Department, which acts under the direction of the Managing Directors;**

- **the Legal and Corporate Affairs Department, which deals with the proper management of legal affairs and, more generally, the Company's compliance, in civil, criminal and administrative matters, and reports to the Group General Counsel;**
- **the Real Estate Department, which is in charge of the Group's real estate development activities.**

3.2. The Prada S.p.A. Organisation Model

In accordance with the regulatory requirements described above and in order to prevent and avert liability hypotheses pursuant to the Decree, Prada S.p.A. has decided to adopt a Model equipped with all the features identified by Article 6, paragraph 2, of Legislative Decree 231/2001, introduced by resolution of the Board of Directors on 18 December 2007 and lastly updated by resolution of 3 May 2022.

This initiative was taken in the belief that the adoption of the Model - notwithstanding the provisions of the Decree, which indicate it as an optional and not mandatory element - can be an effective tool to protect the Company and to raise the awareness of all those who work in the name and on behalf of Prada, so that they have, in the performance of their activities, correct and straightforward behaviours, such as to avoid the risk of committing the offences indicated by the Decree.

The Model, in particular, aims at setting up a structured and organic system, in which, with reference to the activities considered sensitive under the Decree, the principles of conduct and the control activities to be complied with are provided for in order to prevent the commission of the diverse types of offence relevant under Legislative Decree 231/01. In this regard, due consideration was given, among other things, to

the guidelines drawn up on the subject by trade associations as well as the fact that Prada S.p.A. acts as the Parent Company of the Group Companies.

To this end, the Company considered it appropriate:

- to identify all the activities within the scope of which there is an abstract possibility of

committing the offences indicated in the Decree;

- to adopt specific procedures regulating the process of formation and implementation of the Company's decisions in relation to the offences to be prevented;
- to define the principles that must guide the Recipients of the Model in the performance of business activities considered sensitive;
- with specific reference to the management of financial resources, to provide for rules of conduct and methods for tracing transactions, including by reference to existing company procedures;
- to implement the principle of separation of powers, roles and company departments;
- to ensure the identification of authorisation powers consistent with the responsibilities assigned;
- to outline a control system aimed at verifying compliance by the Recipients of the Model with the rules of conduct defined therein (in addition to those described in the above-mentioned company procedures);
- to raise awareness and disseminate, at all levels of the company, the rules of conduct and the relevant safeguards provided for by the Model and company procedures;
- to adopt a specific and suitable disciplinary system to prosecute and sanction non-compliance with the organisational measures provided for;
- to assign to the Supervisory Board specific tasks to supervise the effective and correct implementation of the Model.

Once again, in order to protect the Company from the risks of challenge under the Decree, the Model intends to:

- ensure, by monitoring the activities considered sensitive and the system of

safeguards and controls relating to them, timely intervention by the Company aimed at preventing and combating the commission of predicate offences;

- reiterate that such forms of unlawful conduct are strongly condemned by Prada, since they are contrary not only to the provisions of the law, but also to the ethical-social principles that the Company promotes and ensures;
- transmit to all the Recipients of this Model the awareness that they may incur, in the event of violation of the prescriptions described therein and in the company procedures referred to therein, in the commission of an offence, with consequences that, in addition to affecting them personally, also affect the Company pursuant to the Decree;

Finally, it is worth noting that the Company has adopted a Code of Ethics. Such document, as mentioned above, although it does not constitute a structural element of the Model, is to be understood as fully referred to (see Annex sub A), since all the principles and conduct guidelines by which the Prada Group is inspired and which it requires all the Recipients of the Model to faithfully comply with are therein referred to.

Similarly, it shall be noted - being it is emblematic of the compliance and effectiveness of the system of safeguards adopted by the Company - that Prada, in November 2020, approved - with the Italian Tax Authority - the "Tax Control Framework" with which, following a joint identification of the tax risks potentially referable to the Company and an assessment of the adequacy of the management system currently in place, a collaborative agreement was entered into by and between Prada S.p.a and the Italian Tax Authority.

3.3. Recipients of the Model

The provisions contained in this Model must be considered binding for all Company Officers, Employees of all ranks of the Company, as well as consultants, suppliers and, in general, all persons with whom the Company has entered into any form

of collaboration agreement that takes place within the scope of the activities at risk under the Decree.

In particular, with regard to persons who have entered into a contractual relationship with Prada S.p.A., they are required to sign a specific contractual clause, undertaking to comply with the principles of conduct provided for by the Model or, in any case, principles that are consistent with the rules of conduct on which the Company's business are based.

3.4. Structure of the Model

In order to draft an adequate and effective Model with respect to its own corporate structure, Prada S.p.A. has organised an ad hoc internal work team for the purpose of drafting and updating the organisation model pursuant to the Decree, assisted by external consultants with expertise in corporate compliance and responsibilities pursuant to the Decree.

Following a prior phase of analysis and study of the Company's structure, corporate documentation and the various existing procedures, a mapping of sensitive activities pursuant to the Decree was carried out, consisting of planning and conducting interviews with all the Company's departments, which made it possible to identify the risks of abstract commission of offences, the functions involved and the relevant hypothetical methods of implementation.

Having identified the sensitive activities and the relevant risk profiles, an analysis and an assessment of the safeguards already adopted by the Company to prevent the aforementioned risks were carried out, as well as their update, implementation and adaption to the issues that the Risk Assessment showed and the regulatory updates that, at the same time, affected the Decree.

The entire activity described above has led to the adoption of a Model which, taking into account the type, size and business activities carried out by the Company, the internal system of separation of powers and the existing system of controls to prevent risk, is structured and articulated according to the following scheme:

- **a General Section**, outlining the main features and structure of the Model;

— **a Special Section**, in which the results of the risk assessment carried out, the risks considered relevant in principle and the main rules of conduct aimed at preventing them are explained, also by means of recalling corporate procedures and other corporate compliance documents.

It should be noted that Prada, in order to ensure a more effective prevention of tax-related risks relevant for the purposes of the Decree, has decided to refer to (or in any case to draw inspiration from) the corporate document "Tax Control Framework" ("TCF"), drafted within the framework of the "collaborative compliance" set forth in Article 3 of Legislative Decree 128/2015 and containing the set of rules, procedures, organisational structures and controls aimed at enabling the detection, measurement, management and control of tax risk, understood as the risk of incurring violations of tax regulations or in violation of the principles and purposes of the legal system (abuse of law).

In fact, within the aforementioned context, the Group Tax Department, assisted by the Management in specific areas, carries out planning, analysis and control activities on tax profiles pertaining to the Group, coordinating with the other Functions/Departments, responsible for the related governance/management choices of the Group. In this context, many of the TCF's safeguards and procedures - albeit adopted from a different perspective than those of the Decree - are referred to in certain Special Sections of the Model for their deemed suitability to counter the risks (tax and otherwise) that emerged during the Risk assessment.

It should also be noted that, in order to ensure both brevity and completeness of the Special Sections of the Model, the technique of referring to the contents of the Risk Assessment forms has often been adopted for what concerns the identification of the risk areas and the abstractly ways in which offences may be committed, leaving to the Special Sections the description of the rules of conduct aimed at preventing the risk of their commission or the reference to corporate compliance procedures already in place that are deemed suitable to prevent the specific risk of commission of the offences taken into consideration.

— **General Section**

In the General Section of the Model, after defining and outlining the administrative liability for offences

pursuant to the Decree, with a description of the recipients of the regulations, the objective and subjective prerequisites of the Company's liability (considered both individually and as part of the Prada Group) as well as the relevant sanctions, the main characteristics of an efficient and effective organisation model pursuant to the Decree and, as such, suitable to act as a condition for exempting the company from its liability were verified.

Following this first abstract description of the contents of the regulations, the document takes a closer look at the description of Prada S.p.A.'s corporate context, indicating the main features of its structure, as well as the composition and competences of its top management bodies and the several Departments forming it.

Such a description of the Company was functional to the definition of an organisation, management and control model peculiar and specific to Prada S.p.A.'s reality, capable of complying with the basic principles and objectives set forth in the Decree and in the Guidelines issued by the trade associations. The tasks and functions of the body responsible for supervising the effective adoption and functioning of the Model ("Supervisory Board") have also been defined, as well as the information flows directed to the latter. Last but not least, the identification of the procedures by which the Company undertakes to make the contents of Prada S.p.A.'s organisation model available to its Employees, Consultants, as well as to all those who have entered into any form of contractually regulated collaboration with the Company, informing them of the need for its effective implementation and informing them that, in the event of breach, specific consequences have been identified and provided for within the Disciplinary System adopted by the Company.

— **SpecialSection**

The Special Section of the Model is structured by "crime category" and is divided into eighteen sections, each referring to a specific category of crimes among those mentioned in the catalogue of alleged crimes, provided for by in Articles 24 et seq. of the Decree, which could abstractly be committed, in the interest or to the advantage of the entity, either by senior executives or by subordinates.

Each part of the special section, after indicating and defining the offences forming part of the category of offences in particular considered, identifies the activities which, following to the risk assessment, have been deemed as sensitive with respect to the abstract commission of such offences and describes (also by means of the technique of reference to the risk assessment forms, mentioned above) the principles of conduct that the Recipients of the Model are required to adopt in the performance of their duties, as well as the measures that the Company has taken to monitor the effective compliance therewith.

A detailed list of the offences constituting grounds for the liability of entities, contemplated in the Decree, is contained in the document "List of Predicate Offences", annexed sub B to this Model.

— Annexes

Annex A - Code of Ethics

Annex B - List of predicate offences

Annex C - List of company framework procedures

Annex D - Health and Safety at Work Organisation and Management Model

3.5. Obligations to update the Model

The management body is responsible for the drafting of the organisation model, in compliance with the provisions of Article 6, paragraph 1, lett. a, of the Decree; thus, subsequent amendments and additions of a substantial nature are exclusively delegated to the Board of Directors of Prada S.p.A., which adopts them by means of a specific resolution.

The Company undertakes to ensure a regular and timely adaptation of the Model to the regulatory, operational and/or organisational changes that may occur within Prada S.p.A..

In this regard, the task of the Supervisory Board, as better specified below, is to constantly monitor that the Model is up-to-date and promptly report to the Company's Board of Directors the need for amendments and additions.

— 4. The Supervisory Board

4.1. The Supervisory Board of Prada S.p.A.

As has already been clarified, Article 6 of Legislative Decree 231/2001 states that, in order for the entity to be exempt from liability, it must, inter alia, have identified a Supervisory Board (SB) that is independent and vested with autonomous powers of initiative and control, and which is entrusted with the task of supervising the effective and adequate functioning of the Model and ensuring that it is regularly updated. In accordance with the aforementioned regulatory provisions, Prada S.p.a. has its own Supervisory Board, appointed by resolution of the Board of Directors and vested with powers, duties and functions identified in specific rules.

In order for the Supervisory Board to adequately perform the function it is entrusted with and to guarantee, therefore, the effectiveness of the system of safeguards put in place by the Company to prevent the commission of the Predicate Offences, Prada S.p.A. shall ensure that the Supervisory Board and its members meet the following requirements:

- a - autonomy and independence;
- b - competence and professionalism;
- c - impartiality and integrity;
- d - effectiveness;
- e - continuity of action;
- f - appropriate composition

a - Autonomy and independence

The requirements of autonomy and independence concern both the composition of the Supervisory Board and its place in the organisation chart of the entity. In fact, the Supervisory Board must not be in any way directly or indirectly involved in the company processes and management activities that are the subject of its control. Moreover, the Supervisory Board has the highest possible hierarchical position, answering for its actions exclusively to the Board of Directors, which has the power to dismiss it or change its composition only in certain, strictly provided for cases.

b - Competence and professionalism

The members of Prada S.p.A.'s Supervisory Board must be in possession of specific technical and professional skills in the field of corporate compliance and criminal liability of legal persons, as well as in relation to the specific activity carried out by the Entity.

c - Impartiality and integrity

This requirement is ensured by the provision of two specific causes of ineligibility or disqualification, namely:

- a - the existence of a conflict of interest, of any nature whatsoever, with the supervisory function;
- b - having been definitively convicted of any of the offences provided for in the Decree, as well as of any other intentional offence whose nature is such as to render the person unfit to hold the office of member of the Supervisory Board.

d - Effectiveness

The Supervisory Board shall effectively exercise the powers conferred upon it by the Board of Directors: for this purpose, the Supervisory Board keeps track of all control activities carried out internally by filing them in network folders and/or e-mail boxes.

e - Continuity of action

The Supervisory Board shall:

- ensure the continuity of the supervision of the Model, with the necessary powers of investigation, intervention and expenditure;
- ensure that the Model is implemented and regularly updated;

Taking into account the peculiar nature of its powers, as well as the specific professional content required, the Supervisory Board, in the performance of its duties, is assisted, from time to time, by the heads of the involved departments, as well as, if necessary, by professionals from outside the Company identified on the basis of their specific skills.

As indicated above, the SB is vested with all the powers necessary to perform its activities, including the freedom of initiative and control within the entity, as well as the autonomous use of the expenditure budget allocated to it.

4.2. Functions and powers of the Supervisory Board

The Supervisory Board of Prada S.p.A., in accordance with the provisions of the Decree, is entrusted with the following duties:

- supervise the compliance with the provisions of the Model by directors, representatives, employees, independent contractors, and in general by all those who work in the name and on behalf of the Company;
- verify the constant adequacy and updating of the Model.

These duties consist of a number of specific tasks briefly summarised below:

- providing for the criteria for reporting in its own favour for the purpose of identifying and regularly monitoring "risk areas" and "sensitive processes";
- verifying the drafting, regular maintenance and effectiveness of the required documentation;
- conducting checks of the company's business activities by triggering the control procedures, with the support of the relevant operational management in charge of the function;
- carrying out periodic checks on specific transactions or acts concluded within the "activity areas at risk";
- promoting the dissemination and understanding of the Model, through training and education activities;
- identifying, collecting, processing and storing all information relevant to compliance with the Model;
- defining with the Board of Directors the tools for implementing the Model and periodically check its adequacy;
- conducting internal audit as regards violations of the Model;

- submitting requests for the imposition of sanctions against those responsible for any violations of the Model.

It is also the task of the Supervisory Board:

- periodically verify - with the support of the other responsible company departments - the delegation of powers system in force, recommending changes if the management authority and/or qualification is not included in the authority granted;
- carry out periodic verification activities of the Model, aimed at assessing its functioning and updating;
- take care of the creation of a database (hard copy or electronic) concerning the controls carried out, training and information activities, and relevant documentation pursuant to the Decree.

The Supervisory Board is therefore vested with the following powers and entrusted with the following duties:

— **1. know the Model and assess its suitability to prevent the offences indicated in the Decree.**

Upon taking office, the members of the Supervisory Board must carry out an analysis of the Model, providing for an opinion on its suitability to prevent the commission of the offences indicated in the Decree. However, the mere change in the structure and/or composition of the Supervisory Board, in the absence of a specific need to adapt or update the Model, does not require renewed approval of the latter;

— **2. disseminate knowledge of the Model.**

The Supervisory Board promotes all the initiatives necessary for the dissemination and effective knowledge of the Model by the Addressees;

— **3. monitor risk areas.**

The Supervisory Board must carry out targeted periodic checks on specific operations or acts performed within the areas at risk;

— **4. provide for a system of confidential reporting.**

Supervisory Board shall collect, process and store all relevant information in order to ascertain the effectiveness and adequacy of the Model;

— **5. verify and update the Model.**

The Supervisory Board shall carry out checks on the functionality and up-to-datedness of the Model, assessing, periodically or when the need arises, the need to update it.

4.3. Reporting obligations of the Supervisory Board

In order to guarantee its full autonomy and independence in performing its functions, the Supervisory Board communicates directly with the Company's Board of Directors and the Board of Statutory Auditors.

In particular, the Supervisory Board reports to the Board of Directors and the Board of Statutory Auditors on the implementation of the Model, the results of the supervisory activity carried out and any appropriate action to implement the Model:

- on a regular basis to the Board of Directors and, at least twice a year, by means of a written report;
- periodically to the Board of Auditors, or at its request;
- occasionally to the Board of Statutory Auditors, in cases of alleged violations by top management or Board of Directors members, being able to receive requests for information or clarifications from the Board of Statutory Auditors.

— 5. Information flows to the SB

Article 6(2)(d) of the Decree, in identifying the conditions for the entity to be exempt from liability, also provides for "obligations to provide information to the body responsible for supervising the operation of and compliance with the models".

The provision of such information flows, which enable the Supervisory Board to be regularly and continuously updated on the Company's management and operations, constitutes an essential element for the Supervisory Board to adequately perform its task of monitoring the effective implementation of the Model.

To this end, the Company has provided that, in addition to the documentation expressly indicated in each Special Section, in accordance with the procedures contemplated therein, any other information pertaining to the implementation of the Model and to any violations of the prescriptions therein must be brought to the attention of the Supervisory Board.

In particular, among the information flows provided for towards the Supervisory Board, reference shall be made to:

- those of the Board of Directors and the various Company departments, which may be periodical or event-driven and provide the Supervisory Board with an update on, for instance, the activities carried out by the various departments with a view to implementing the Model, the safeguards implemented to protect against relevant risks pursuant to the Decree, changes to the existing system of delegated and proxy powers, and any violations detected;
- those which, on the other hand, may originate from any Senior Executives and/or Subordinates of the Company (to be understood in the widest sense, as described in the above paragraphs) and concern the reporting of unlawful conduct relevant under the Decree or any other violation of the Model, integrated by the Recipients of the latter.
- any decisions relating to the application for, disbursement and use of public funds;
- measures and/or news concerning the existence of criminal proceedings, even against unknown persons, for facts potentially involving the Company's business activities;
- measures and/or news concerning the existence of significant administrative proceedings or civil disputes relating to requests or initiatives by independent authorities, the financial administration, local administrations, Public Administration, concerning contracts, requests for and/or management of public financing;
- requests for legal assistance forwarded to the Company by Senior Executives or Employees in the event of the commencement of criminal or civil proceedings against them;
- the findings of enquiry commissions, inspections, audits or other internal reports from which hypotheses of liability for the commission of offences falling within the catalogue of predicate offences identified by the Decree emerge;
- information on the effective implementation, at all company levels, of the Model;
- information about disciplinary proceedings and sanctions imposed or orders to close such proceedings and the rationale for the same.

5.1. Information flows of the Board of Directors and corporate departments

The Board of Directors and all company departments, according to their competences, are required to promptly inform the Supervisory Board of any circumstance or information relevant to the Decree and to the effective implementation of the Model.

In particular, they must always communicate to the Supervisory Board all information concerning:

The above persons must also transmit to the Supervisory Board all documents, regularly updated, concerning the system of proxies and powers of attorney in force at Prada S.p.A..

To this end, the Company has provided for information flows, on a periodic basis, from the Board of Directors and the corporate functions to the Supervisory Board, as well as event-driven information flows in the event that any of the aforementioned persons should find violations of the Model.

5.2 Whistleblowing

Article 6(2bis), (2b) and (2c) of the Decree provides that the organisation, management and control models require channels enabling employees, consultants, independent contractors and any other person coming into contact with the Company to report any irregularities they may have become aware of in the course of their duties.

In particular, Article 6(2a) stipulates that the Model must provide for the establishment of:

- one or more channels enabling the persons indicated in Article 5, letters a) and b) to submit, for the protection of the entity's integrity, circumstantiated reports of unlawful conduct relevant under the Decree and based on precise and concordant factual elements, or of violations of the Model, of which they have become aware through the functions performed. These channels must guarantee the confidentiality of the reports made, to protect both the reporter and the reported person;
- at least one alternative reporting channel suitable for ensuring the confidentiality of the identity of the whistle-blower using IT methods;

At the same time, the Decree also outlined the minimum system of safeguards to be put in place to protect the reporting party, stating:

- the prohibition of retaliation or discriminatory, direct or indirect, acts against the whistle-blower for reasons, directly or indirectly, related to the report (Article 6(2-bis)(c));
- that the disciplinary system must provide for sanctions against those who breach the whistle-blower protection measures (Article 6(2-bis)(d));
- the power of the trade union organisation indicated by the whistle-blower to report the adoption of discriminatory measures against the whistle-blower to the National Labour Inspectorate (Ispettorato Nazionale del Lavoro) (Article 6(2-ter));

- that the whistle-blower's retaliatory or discriminatory dismissal be null and void, as is a change in his/her job duties under Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure taken against the whistle-blower (Article 6(2-quater)).

On the other hand, in order to ensure the proper use of the protection tool made available by the Company, the Decree has also provided for a form of liability, of a disciplinary nature, for the whistle-blower reporting violations that turn out to be unfounded, if there is evidence that they were made by the whistle-blower with intent or gross negligence (Article 6(2bis)(d)).

In accordance with Article 6 of the Decree and in order to allow the Supervisory Board to effectively perform the duties entrusted to it, Prada S.p.A. has adopted a system that allows all the Recipients of the Model and any third parties to report to the Supervisory Board any violation, anomaly or suspicious activity, in relation to the commission or risk of commission of one of the Predicate Offences, of which they have become aware for any reason whatsoever.

The company has, in fact, set up the following communication/reporting channels, which are confidential and managed by the Supervisory Board only:

- **an external platform, called Whispli, accessible via the web from any device, using the following link: <https://pradagroup.whispli.com>. It ensures the confidentiality of the whistle-blower's identity and the content of the report by means of secure protocols and encryption tools that protect the personal data and information provided. Reports can also be submitted anonymously by selecting the appropriate option within the software;**
- **an e-mail address (organismo.vigilanza@prada.com), also accessible on the company intranet, at the exclusive disposal of the Supervisory Board, through which each person may at any time communicate with the Supervisory Board, in the knowledge that this communication channel guarantees the confidentiality of the identity of the reporter and of the communication transmitted.**

Ascertaining whether the report is well-founded is entrusted to the Supervisory Board, the sole recipient of the reports, which is required to carry out a prompt and accurate investigation, in compliance with the principles of impartiality, fairness and confidentiality, in respect of all the persons involved.

The Supervisory Board guarantees whistle-blowers against any form of retaliation, discrimination or penalisation, also ensuring the confidentiality of their identity (without prejudice to duties under applicable law), as well as acting to ensure the confidentiality of the person involved in the report.

In carrying out its checks, the Supervisory Board may avail itself of corporate departments concerned from time to time and, where it deems it appropriate, of external consultants specialised in the field of the report received.

The person involved in the report must always be granted the opportunity to be heard and to provide any necessary clarification of the facts alleged against him/her.

If the verification activity carried out establishes that the report is well-founded, the Supervisory Board drafts a report summarising the investigations carried out and the evidence that has been found, and shares it with the corporate departments involved on the basis of the subject of the report, in order to define any intervention plans and actions to be taken to protect the Company and the Group.

If, on the other hand, the outcome of the checks reveals the absence of well-founded elements or, in any case, the unfounded nature of the facts referred to in the report, the latter must be filed, together with the relevant reasons, and any subsequent initiatives/measures to be taken must be assessed.

The Supervisory Board periodically reports on the types of reports received and the outcome of its investigations to the Board of Directors, the Internal Control Committee and the Board of Auditors.

The Company has endeavoured to inform all the Recipients of the Model of the existence of the communication channels described above and to explain how they can be used, as well as the forms of protection and liability provided for both the reporter and the person involved in the report. To this end,

special corporate information has been prepared and disseminated and ad hoc operating instructions have been drawn up, which are available and can be consulted on the corporate intranet.

— 6. Dissemination of the model and personnel training

In accordance with the Decree, Prada S.p.A. has defined a communication and training plan aimed at ensuring the correct dissemination of the Model and the rules of conduct contained therein, towards employees already present in the company and those to be hired, with different degrees of in-depth analysis depending on the different level of involvement of the same in activities at risk.

The information and training system is supervised and integrated by the Supervisory Board, in cooperation with the Human Resources Department and the heads of the Company Departments involved in the application of the Model from time to time.

In relation to the communication of the Model, Prada organised specific training meetings with Top Management, during which the Decree and the Model adopted were illustrated, and prepared a specific online training intended for all personnel with employee, middle management or executive status. Furthermore, the Model and the Code of Ethics have been published on the company Intranet, so as to ensure their dissemination to all Recipients.

However, different training activities to raise awareness of the regulations referred to in the Decree shall be provided, in terms of content and delivery methods, according to the Recipients' position within the Company, the level of risk of the area in which they operate and whether or not the Recipients are Company Representatives.

Initial communication and periodic training activities for company personnel are documented by the Supervisory Board and the Human Resources Department.

By means of a specific contractual clause, Prada requires suppliers, consultants and other persons with whom it has entered an agreement, to comply with its Model or, in any case, to observe rules of conduct and corporate compliance procedures that are consistent with those adopted by the Company, undertaking to make this Model available to the latter at the time of the execution of the agreement.

— 7. The disciplinary system

Article 6(2) of the Decree also includes, among the essential elements for the effectiveness of the Model, the adoption by the entity of a disciplinary system capable of sanctioning the violations of the measures and prescriptions contained therein.

As already stated several times, the principles contained in the Model and the rules/procedures of conduct that refer to it form, in fact, a set of rules which all members of the corporate bodies, employees of the Company, as well as external consultants and all those who have contractual relationships with Prada S.p.A., must observe.

In order to ensure the effectiveness of these provisions, the Company provides that any violations of the Model shall be sanctioned in accordance with the following procedures and principles.

First of all, it shall be clarified that the disciplinary system will be applicable in the event that violations of the Model are ascertained, regardless of the initiation or outcome of any criminal proceedings.

The seriousness of the breach will be assessed according to:

- **1. the intentional nature of the conduct or degree of negligence, imprudence or inexperience, with regard also to the foreseeability of the event;**
- **2. the overall conduct of the perpetrator, also with reference to previous infringements;**
- **3. the tasks performed and the functional position held by the perpetrator.**

By way of example, but not limited to, each of the following conducts constitutes a violation:

- **1. non-compliance, including through omissive conduct and in possible concurrence with others, with the general rules of conduct and procedures set out in the Code of Ethics and the Model;**
- **2. failure to submit and/or irregular drafting of the documentation required by the procedures and protocols;**
- **3. violation or avoidance of the control systems provided for by the Model, carried out in any way, including the removal, destruction or alteration of documentation relating to procedures, as well as obstruction of controls and any other hindrance to the persons and bodies in charge of control functions;**
- **4. failure of hierarchical superiors to supervise the conduct of their subordinates with regard to the correct and effective application of the principles contained in the Model;**
- **5. any other conduct, commission or omission, which harms or endangers Prada's interest in the effective and correct implementation of the Model.**

Pursuant to Article 6, para. 2-bis, lett. d) (recently introduced by Law of 30/11/2017 no. 291), violations of the measures aimed at protecting the person reporting unlawful conduct or violations of the Model (whistleblowing), i.e. abuses of the reporting procedures, carried out by those who, with intent or gross negligence, make allegations that turn out to be completely unfounded following the prescribed checks, are also punishable.

The Supervisory Board shall be informed both of violations and of any sanctions applied as a consequence thereof.

The exercise of disciplinary power against Prada S.p.A. employees - which shall be carried out in compliance with Article 7 of Law 300/1970 and the applicable collective bargaining agreements - shall be the responsibility of the bodies and/or internal departments of the Company that have, or have been vested with, the exercise of such power.

Recipients of Prada's disciplinary system are all employees of the Company, as identified by articles 2094 et seq. of the Italian Civil Code, including workers belonging to the management.

In particular, new organisational measures may be adopted against managers pursuant to Article 2103 of the Civil Code, as well as, where appropriate, termination of the employment relationship pursuant to Articles 2118 and 2119 of the Civil Code. In any case, the imposition of sanctions must take into account the applicable provisions of the national collective bargaining agreements (CCNL) of the relevant category and may not conflict with the general principles referred to therein as well as with the legal provisions dictated by the Workers' Statute as well as with other regulations in force in the industry.

With regard to independent contractors pursuant to Article 2222 of the Italian Civil Code (self-employed workers) or pursuant to Article 409 of the Italian Civil Code (quasi-subordinate workers), who provide their services in favour of the Company and, in general, with regard to external consultants, as well as to all those who have contractual relationships with Prada, ascertained violations of the Model may even lead to the termination of the contract.

The disciplinary sanctions that can be imposed are set out in more detail below:

— **Disciplinary sanctions imposed on employees**

The violation of the law, of the provisions of the Code of Ethics of Prada S.p.A. and of the provisions of this Model, committed by employees of the Company, as well as, in general, behaviours likely to expose Prada S.p.A. to the application of administrative sanctions provided for by the Decree, may result in the application against such persons, on the basis of the criteria set out above - in compliance with the limits set forth in Article 2106 of the Civil Code and Articles 7 and 18 of Law 300/1970 - of dismissal or sanctions other than dismissal provided for by Articles 62 (Disciplinary measures), 63 (Procedure for the imposition of disciplinary measures) and 64 (Dismissal) of the National Collective Bargaining Agreement for Leather and Substitutes (CCNL Pelli e succedanei).

— **Executives**

In light of the trust that characterizes the

employment relationship with executives, the violation of the provisions of the law, of the provisions of the Code of Ethics and of the provisions set forth in this Model committed by Prada S.p.A.'s executives as well as, in general, conducts that may result in the Company to be subject to the application of the administrative sanctions provided for by the Decree, may lead to the application - in compliance with articles 2118 and 2119 of the Italian Civil Code as well as with Article 7 of Law 300/1970 - of the measures set forth in the collective bargaining agreement for the category (CCNL-DAI), against such persons. Ascertainment of any violations, as well as inadequate supervision and failure to provide timely information to the Supervisory Board, may also result in the precautionary suspension from work for employees with managerial status, without prejudice to the manager's right to remuneration, as well as the assignment to different tasks in compliance with Article 2103 of the Italian Civil Code.

— **Self-employed workers, external consultants and partners**

Contracts that the Prada S.p.A. enters into with self-employed workers, external consultants and partners must contain a specific representation that they are aware of the existence of the Code of Ethics and the Model and an obligation to comply with the latter, or, if the party is foreign or does business abroad, to comply with international and local laws on preventing risks that could cause Prada to be liable as the result of the commission of crimes. Contracts with the above persons must contain a specific withdrawal and/or termination clause associated with noncompliance with such obligations, with the Company retaining the right to compensation for damages incurred as the result of such conduct, including damages caused by the application of the sanctions provided for in the Decree.

— **Directors**

Given the responsibility of the Directors, in the event of violations of the provisions of the Model by one of them, the Supervisory Board shall inform the Board of Directors and the Board of Statutory Auditors. It will then be up to the Board of Directors to assess the violation and take the measures deemed appropriate, in compliance with the regulations in force.