

MODERN SLAVERY STATEMENT  
FOR THE FINANCIAL PERIOD 2022

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# — Introduction

This document, whose content refers to the fiscal year of 12 months ended December 31, 2022, was approved by the Board of Directors of Prada S.p.A. on May 11, 2023 and describes the measures taken by the Prada Group (hereinafter also "the Group" or "Prada") to ensure, as required by the UK "Modern Slavery Act 2015 - Section 54", the absence of any form of "modern slavery, forced labor and human trafficking" within its organization and along its supply chain. This statement is also made on behalf of the following companies controlled by the Prada Group: Prada Retail UK Ltd and Church & Co Ltd.

# — Prada Group

€4.2

Billion

**2022 Revenues**

13,768

**Employees**

at December 31, 2022

612

**DOS**

at December 31, 2022

24

**Industrial sites**

at December 31, 2022

The Prada Group operates in the luxury goods industry with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the eyewear and fragrance industries under specific licensing agreements and, with the acquisition of Pasticceria Marchesi 1824, has made its entry into the food industry, where it is positioned at the highest levels of quality. Finally, in 2021, to fully develop its potential, the Luna Rossa brand also becomes part of the Prada Group following the acquisition of Luna Rossa Challenge S.r.l..

As of December 31, 2022, the Group's products are sold in 70 countries around the world through 612 Directly Operated Stores (DOS) and a select network of luxury department stores, independent retailers

and franchise stores. Also at December 31, 2022, the Group's headcount amounted to 13,768 employees, 39% of which were in Italy where 21 out of 24 Group's industrial sites are localized.

Prada S.p.A., the parent company, is a joint-stock company with limited liabilities, domiciled in Italy and listed on the Main Board of the Hong Kong Stock Exchange. At December 31, 2022, 79.98% of the share capital of Euro 255,882,400.00 is owned by Prada Holding S.p.A., a company domiciled in Milan (Italy), while the remaining shares are floating.

## — Ethical principles

The Prada Group's strategic choices have always been guided by a desire for lasting success that benefits all its stakeholders, be they shareholders, employees, customers or the communities in which the Group operates. Prada S.p.A.'s Board of Directors is in fact committed to conducting the business responsibly, to building an inclusive and safe work environment for all, in the conservation of the environment and in the protection of the communities in which the Group operates.

Sustainability, increasingly rooted in corporate strategy, together with a continuous and transparent dialogue with stakeholders, are key factors to reaffirm the identity of the Group and support the competitive edge of the company, as well as to face changes and contemporary and future challenges and grant a long-term sustainable development.

Also for this reason, at the beginning of 2019, Prada S.p.A. Board of Directors approved the Sustainability Policy, in which the Group declares its commitment to operate in full respect of the value of the individual and for the human and workers' rights, enshrined both in the regulations of the countries in which it operates and in the international covenants and declarations - such as the United Nations Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The Board of Directors considers respect for ethical principles to be the foundation of the enterprise's success and represents an important expression of Prada's image and reputation. Since 2007, the Prada Group's founding values and principles have been given formal expression in its Code of Ethics: updated in 2022, the Code is communicated to all employees, collaborators and business partners and specifies that these principles apply to both Group's companies and suppliers, by a set of procedures that turn these values into daily actions. The Group promotes knowledge of the Code through various means such as online publications, direct communications and internal trainings, and by procedure, as part of the supply or commercial agreement with most of the

partners, by being a prerequisite for the establishment of all contractual relationships.

The Code of Ethics is also a reminder of the Group's ethical whistleblowing system that enables anyone, be they internal or external stakeholder of the Group, to report a violation or suspected breach of the Code and its principles; at the end of 2022, an Ethics Committee has been set up to receive, process and assess on a case-by-case basis any alert received through the whistleblowing channels.

The publication in 2022 of the Human Rights Policy allowed to further articulate certain undertakings formalized in the Code of Ethics, highlighting the Group's commitment to respect all human rights not only within its own operations, but also to promote the adherence to the same principles among its suppliers or business partners. Respect for and protection of human rights, for all Group employees and employees in the supply chains of its brands, is central to the Group's ethical commitments and strategic choices. The Policy includes the principles set out in the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

The Prada Group takes a cross-functional approach to governance over human rights, integrated into its overall governance structure for sustainability. Specifically, human rights governance spans various departments, starting with Human Resources, DE&I, CSR, Internal Audit and Industrial department.

## — Industrial strategy

The Prada Group's competitive advantage also derives from its distinctive manufacturing tradition, developed through the buildup of its production premises, the progressive expansion of its manufacturing skills and enhanced control over its supplier network.

In recent years, thanks to investments of more than Euro 140 million since 2019, the Prada Group's industrial strategy has focused on strong vertical integration of the supply chain, progressive insourcing of sensitive phases of the production process and the acquisition of key capabilities. These decisions have highlighted the great advantages in terms of speed of response to rapid market changes and the ability to adapt the business model, given that competitiveness is increasingly based on such factors.

The Prada Group relies on a high degree of autonomy also thanks to investments in the expansion of its facilities and an important hiring plan; the Group, in fact, has realized all its prototypes internally for many years and in the past few years it has gradually insourced its leather cutting phases followed by the handbag and footwear assembly processes.

Control of all raw materials and finished products is now managed in-house, as well as the logistics of finished products.

Vertical integration, internalization and innovation effectively ensure more control over value creation, an extremely important aspect even from a sustainability standpoint, not just for the processes but especially in terms of responsible supply chain management.

Thanks to the acceleration recorded in recent years in the selection process of the industrial supply chain, the Group works with the best suppliers, in their own right leaders and reference points in their sectors. In most cases, these are long-term relationships, initiated and maintained following a rigorous selection process, whose strict parameters are intended to ensure the highest standards of technical and economical, as well as ethical reliability. The Prada Group has always valued long-term relationships built on steady interactions, which are also crucial for mutual growth.

# — Supply chain profile

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

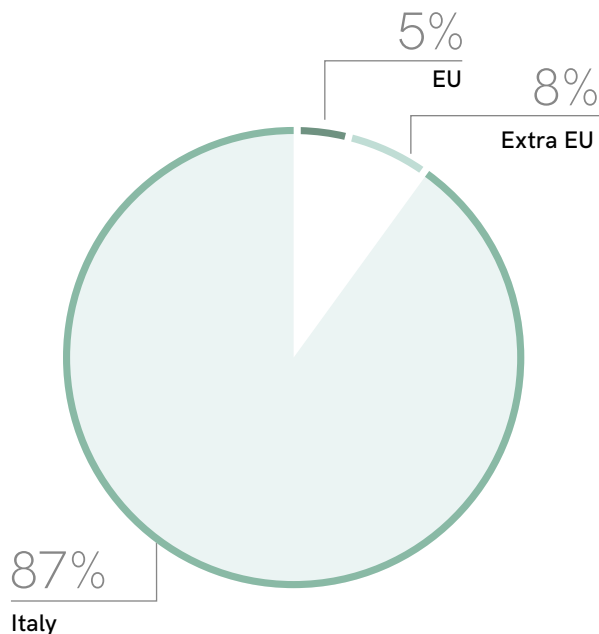
As of December 31, 2022, the production of the Group is entrusted to 24 manufacturing facilities located in Europe (21 of them in Italy) and to a network of external producers carefully selected for their craftsmanship, quality and reliability. All stages of the production process are controlled by Prada's technicians in order to ensure, in addition to quality standards of the products, also the compliance of the entire supply chain with the principles of the Code of Ethics that all suppliers must subscribe.

In 2022, the Group collaborated with about 880 raw materials and semi-manufactured products direct suppliers. Overall, approximately 87% of the Group's industrial suppliers are located in Italy and about 54% of them have been working with the Prada Group for more than 10 years; from the beginning a strategic choice for Prada, which has always considered a competitive leverage to root its supply chain in those territories where the manufacturing sector represents an excellence appreciated all over the world.

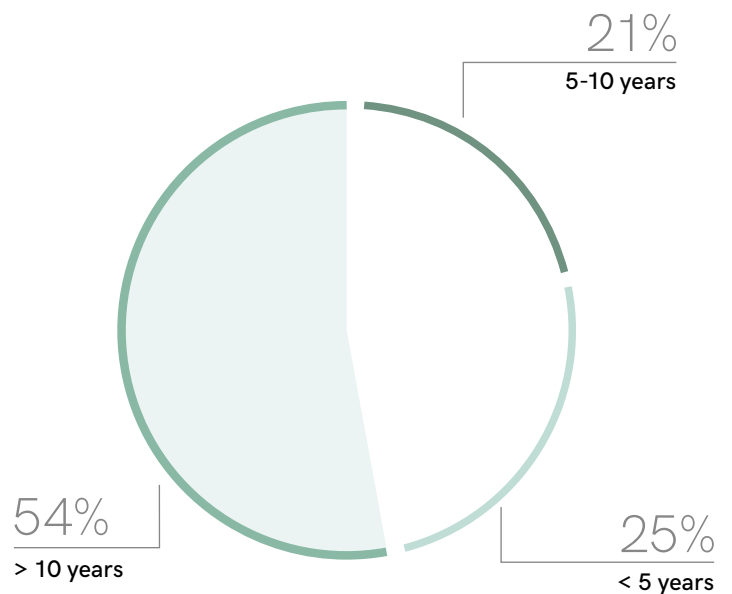
The supply chain of the Prada Group is completed with operators not related to the production cycle, among which - as an example - the suppliers of commercial spaces, logistic services, media spaces, and services providers linked to the management of stores in the countries where the Group operates with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

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

## Geographical distribution of the supply chain



## Duration of collaborative relationships with suppliers



# — Supply chain responsible management

As already anticipated, for the Prada Group, the selection of its suppliers is fundamental not only for reaching the highest standards of product excellence, but also for creating long-term value. In fact, through a collaborative and transparent approach, the Group has always worked with its suppliers to implement work, health, safety and environmental standards in the workplace and, therefore, to transmit its high ethical standards.

This collaboration favors long-term relationships and is based on regular dealings, to share mutual growth and a common strategic objective, reducing the risk of non-compliance with the Group's Code of Ethics and the current regulations. Another fundamental factor is the proximity of the supply chain to the Prada Group; the vicinity enables Prada to perform a constant monitoring activity, even daily for the main suppliers, for the purpose of control and risk management.

The location of the supply chain in Italy is also important for the working conditions of the employees, as they are governed by the collective bargaining agreements currently in force. The Italian Collective Bargaining Agreement (CCNL) supplements the law and is stipulated at a national level between trade unions and associations representing companies. The CCNL regulates the rights, guarantees and obligations of all workers in terms of pay and regulatory provisions, such as guaranteed minimum wages, working hours, vacation time, seniority treatment, treatment of overtime, holiday and night-time work (with the related pay increases), the duration of the trial period and notice period, sick leave, maternity leave, accident leave and the disciplinary code. The CCNL is negotiated and renewed every three years, thus allowing for wage and regulatory adjustments in line with economic and legislative changes in Italy.

In the past few years, Prada has directed efforts toward raising awareness in the purchasing structures of more responsible management of the industrial supply chain. To this end, in early 2017 the Group adopted a Qualified Vendor List procedure to define the responsibilities and operational criteria required to evaluate the ethical,

technical and economical reliability of its suppliers. The list is part of the controls needed to initiate and continue with the supply relationship, as set out in the procurement policy, which calls for mitigating risks of non-compliance through additional checks and accountability.

With respect to ethical issues, the accreditation and maintenance of a supplier's qualification are confirmed through requested documents, attestations and self-certifications that ensure compliance with the laws on remuneration, social security, taxes, occupational health and safety, the environment, privacy and the governance model. Finally, the Code of Ethics must be signed in order to work with Prada.

The Code of Ethics - revised in 2022 - enshrines the fundamental ethical principles for the Prada Group, which in turn inspire other policies and documents such as the Human Rights Policy and the Supplier Code of Conduct - both formalized in 2022 - that further reinforce respect for human rights, for all Group employees and those in supply chains. Through the implementation of the Code, the Group requires its suppliers to commit to high ethical standards and respect for human rights in their production sites and among their subcontractors, as well as aspects related to environmental protection (e.g. legal compliance, chemical use, waste management and wastewater treatment) and raw material sourcing (e.g. biodiversity, animal welfare, traceability).

This information asset undergoes systematic first-level and second-level controls, including interim ones, to ensure that the information is updated, true and consistent. Such controls, which involve documents and are performed by the procurement structures or business areas specialized in the various topics, are also conducted upon notification of potential situations of crisis, breaches or anomalies; in these circumstances, the procedure involves additional analysis, targeted controls or an immediate encounter with the parties involved. The procedure, initially applied to suppliers in the manufacturing area, has now been implemented with the engineering and logistics suppliers and is gradually being extended to the other business areas.

Although the Prada Group considers the risk of non-compliance throughout its direct supply chain to be low, thanks to its geographical location and the duration and quality of the relationships established,

it is aware that first-tier suppliers use subcontracting, and of the reputational and legal risks associated with that, including in terms of human rights infringement and child labour. For this reason, in 2019 the Group set up internally a task force dedicated to tightening the controls over the supply chain and respond to the growing demand for transparency and accountability in the sourcing and production practices. The Group formalized then in 2020 the inspecting activity with a dedicated procedure.

The work team consists of representatives of the administrative, occupational safety, compliance and human resource functions and assists production division managers with controls at supplier and/or sub-supplier premises, reviewing documents and checking the observance of the Group's ethical principles and proper application of labour, tax, occupational safety and environmental regulations.

The inspection plan includes a risk assessment, conducted in the first phase by the various managers, also according to the composition of the industrial supply chain in terms of supply and subcontracting, and any critical issues detected by them or by the functions responsible for the second-level controls during the periodic inspections required by the Qualified Vendor List procedure.

The analysis performed during the inspections, which follow a six-month schedule, completes other controls carried out in previous phases and those foreseen by the Qualified Vendor List procedure, thus strengthening the control over the industrial supply chain, ensuring compliance with the Code of Ethics and current regulations.

The results of the inspections are reported to the various managers so that a corrective action plan (Remediation Plan) can be drawn up in the event of breaches or partial breaches of the criteria standards, and corrective actions are identified that the supplier must implement over a period of time that varies according to the irregularity found. In the event of serious breach, or the supplier's inability to ensure a positive outcome in the prescribed time, termination of the supply relationship is evaluated.

Since 2019, with the aim of bringing the monitoring and management of the supply chain to the Group's levels of excellence, the task force operates in Italy, where the

most important portion of the industrial supply chain is rooted, focusing on both first and second tier suppliers for all three industrial divisions: leather goods, footwear and clothing.

Due to the health emergency, control activities slowed down but, since 2021, have been carried out regularly with the aim of covering suppliers representing 80% of the Group's turnover. In the period 2019-2022, there were approximately 340 first and second-tier suppliers involved, and the Group took corrective action on supply relationships where it found serious irregularities with respect to its ethical standards.

The breaches found and reported to first-tier suppliers for the necessary corrective actions are linked to their sub-contracting relationships and mainly concerned social security and tax aspects, the workplace, occupational safety and the work force employed in terms of contractual conditions and actual working hours. The Prada Group is constantly committed to identifying corrective actions, depending on the nature of the irregularities detected, to accompany its industrial supply chain on a path of improvement, not only in terms of quality, but also in terms of ethical standards.



## — Training

In 2022, the Prada Group continued its commitment to the important path of education on social and environmental sustainability issues, which began in 2021. The main objective of the educational program is to create a corporate culture on sustainability in general and the Group's long-term commitment to these issues.

Dedicated courses have been organized to involve the various corporate functions on the main issues and to train the industrial area on the ethical issues most relevant to the responsible management of manufacturing supply chains, in particular the risks associated with human rights abuses and modern slavery, thereby acquiring new knowledge and skills, but also the necessary sensitivity to manage relations with industrial suppliers in an increasingly responsible manner.

In addition, a training course on the general principles of human rights was designed and developed in 2022 and will be made available to the Group's employees in 2023.

## — Outlook

The Prada Group is committed to identify opportunities for continuous improvement and to strengthen systems and controls for the respect of human rights across the supply chain, regularly assessing the adequacy of the procedural framework. Furthermore, Prada undertakes a constant review and rationalization of its industrial suppliers to increasingly minimize its risk profile.

During 2023, the control activities on suppliers will continue in order to promptly and efficiently monitor and mitigate the risks associated with the supply chain management, as well as the training activities deemed essential to create a corporate culture around sustainability matters.

The Group will work proactively for the continuous enhancement of responsible business practices by searching new ways to encourage the respect of human rights, a shared approach with suppliers and business partners.

**Approved by the Board of Directors of Prada S.p.A.**  
Milan (Italy), May 11, 2023