

PRADA S.p.A.

(Hong Kong Stock Code: 1913)

2016 Social Responsibility Report



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LETTER TO THE STAKEHOLDERS



Contemporary society finds itself facing profound, rapid changes in every part of the world, where the boundaries of nations and cultures, which once constituted a protective barrier, have been knocked down by new technologies.

As in all great revolutions throughout history, such transformations accentuate the contradictions of today's world, with the socioeconomic models of the past century being undermined, widening inequality, eroding values that are becoming distorted to the point of instigating violent conflict.

Everyone, and especially those responsible for guiding large organizations, in which we include the Prada Group, has the duty to question the value of one's work in terms of purpose and prospective. No less important, a positive result of our advancement is the widespread, shared awareness of sustainability, which embraces all aspects of society: economic, political and ethical.

All should provide a contribution, to the extent possible: the Prada Group interprets this responsibility by aiming to continue to evolve its work in terms of increasing cooperativeness, using at best its talents: creativity, understood as an expression of the harmony underlying beauty, quality, innovation and passion transfused by all those who work, along with the fruits of their labor.

In 2016 the Prada Group embarked on many business initiatives, where important investments were dedicated to quality, strengthening controls over the value chain and reduction of its environmental impact.

The Group invested in the growth potential of its resources, a fundamental source of innovation and excellence, while designing new ways to develop professional skills.

The traditional inclination toward the world of art continues to represent the primary source of inspiration; at the same time the Group considers it fundamental to contribute to the promotion of various artistic expressions, dedicating commitment and resources to such purpose. It renewed its support to the Fondazione Prada, which used the resources made available for new initiatives in Milan and Venice, of international relevance. Important cultural projects were financed, most importantly to complete the restoration of the Last Supper by Giorgio Vasari, which returned to its original splendor for public viewing in Florence.

In perspective, the Prada Group intends to continue along its growth path to offer its employees the achievement of their aspirations in the workplace, its customers products of excellent quality, and the community a contribution equaling at least that which Prada has received from civil society.

Milan, June 29, 2017

Carlo Mazzi
Chairman of PRADA S.p.A.

1. THE PRADA GROUP



The Prada Group is one of the world leaders in the luxury goods sector where it operates 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 stipulated with industry leaders, and with the recent acquisition (2014) of Pasticceria Marchesi 1824, it has made its entry into the food industry, where it is positioned at the highest levels of quality.

At January 31, 2017, products are sold in 70 countries worldwide through 620 Directly Operated Stores (DOS) and a selected network of luxury department stores, independent retailers and franchise stores.

1.1 HISTORY

The Prada brand dates back to the beginning of the last century. In **1913**, Mario Prada opened a luxury store in the Galleria Vittorio Emanuele II in Milan, selling leather handbags, travelling trunks, beauty cases, refined luxury accessories, jewels and articles of value. Thanks to its exclusively designed goods, handcrafted using fine materials and sophisticated techniques, Prada rapidly became a reference point for aristocracy and the most elegant members of the haute-bourgeoisie in Europe.

In **1919**, Prada became an official supplier to the Italian Royal Family. Since then, Prada has been able to display the House of Savoy coat of arms and knotted rope design on its trademark logo.

Over the years, the Prada name gained increasing renown and prestige.

A black and white photograph of a Prada nylon tote bag. The bag is made of a dark, wrinkled nylon material. It features two wide, dark leather straps with metal buckles. A triangular metal plaque with the Prada logo is attached to the front. The bag is shown from a slightly elevated angle, with its top edge visible. The background is plain white.

In **1983**, the Prada family opened a second store in the prestigious Via della Spiga in Milan, one of Europe's key shopping destinations. The new store showcased the new brand image as it blended traditional elements with a modern architectural setting: a revolution and a true benchmark for luxury retail.



Commencing in **1986**, new stores were opened in New York and Madrid, followed by London, Paris and Tokyo.

In response to the growing appreciation for the offer of Prada products, the women's range was extended from leather goods to include the first footwear collection in **1979** and the first apparel collection as presented in Milan in **1988**.

In **1993** Prada made its debut in the men's segment with its first men's apparel and footwear collection. That same year, Miuccia Prada's creative inspiration led to the establishment of a new brand – Miu Miu – designed for women who are trendy, sophisticated and particularly fashion-forward and aware of avant-garde. Miu Miu now offers women's ready-to-wear, bags, accessories, footwear, eyewear and fragrances and is an important component of the Group's sales.

Also in **1993**, alongside their entrepreneurial activity, Miuccia Prada and Patrizio Bertelli created "Milano Prada Arte", then become "Fondazione Prada", to pursue their interests in art and culture in general.

In **1997**, inspired by his passion for sports, Patrizio Bertelli created the "Prada Challenge for the America's Cup 2000" sailing team. Prada's leisure products, with the distinctive "Linea Rossa" ("red line"), were also launched in 1997.

In **1999**, the prestigious Church's brand, established in 1873 in Northampton, became part of the Prada Group; the investment was initially shared with a private equity firm, and then Prada completed the acquisition in 2007.



The brand, specialized in handmade high-end footwear, is a worldwide recognized symbol of top quality British tradition and sophisticated elegance.

In **2001**, the Prada “Epicenter” store, designed in collaboration with Rem Koolhaas, opened on Broadway, New York. This was the first store of the “Epicenters” project whose purpose was to rethink the shopping concept with a new approach and to try out innovative interactions with customers. A second “Epicenter” store was opened in Aoyama, Tokyo, followed by a third, on Rodeo Drive, Beverly Hills in **2004**.

During the same year, Prada acquired control of Car Shoe, an historic Italian brand renowned for its exclusive driving moccasins.



In **2003**, Prada entered into a licensing agreement, then renewed in 2012, with the Italian eyewear manufacturer Luxottica, world leader in the eyewear industry. The Luxottica Group currently produces and distributes eyewear for the Prada and Miu Miu brands. That same year, the Group also began its partnership with Spanish cosmetics manufacturer Puig Beauty & Fashion Group and the first fragrance, Amber, was launched at the end of 2004.

In **2006**, Miu Miu organized its first fashion show in Paris to better represent its own identity.

The first Prada Phone by LG was launched in March **2007**; it was the world's first touch screen cell phone. The successful partnership was renewed in 2008 and in 2011 with two further releases.

The Prada e-store first went live in **2010** while Miu Miu was launched in 2011.

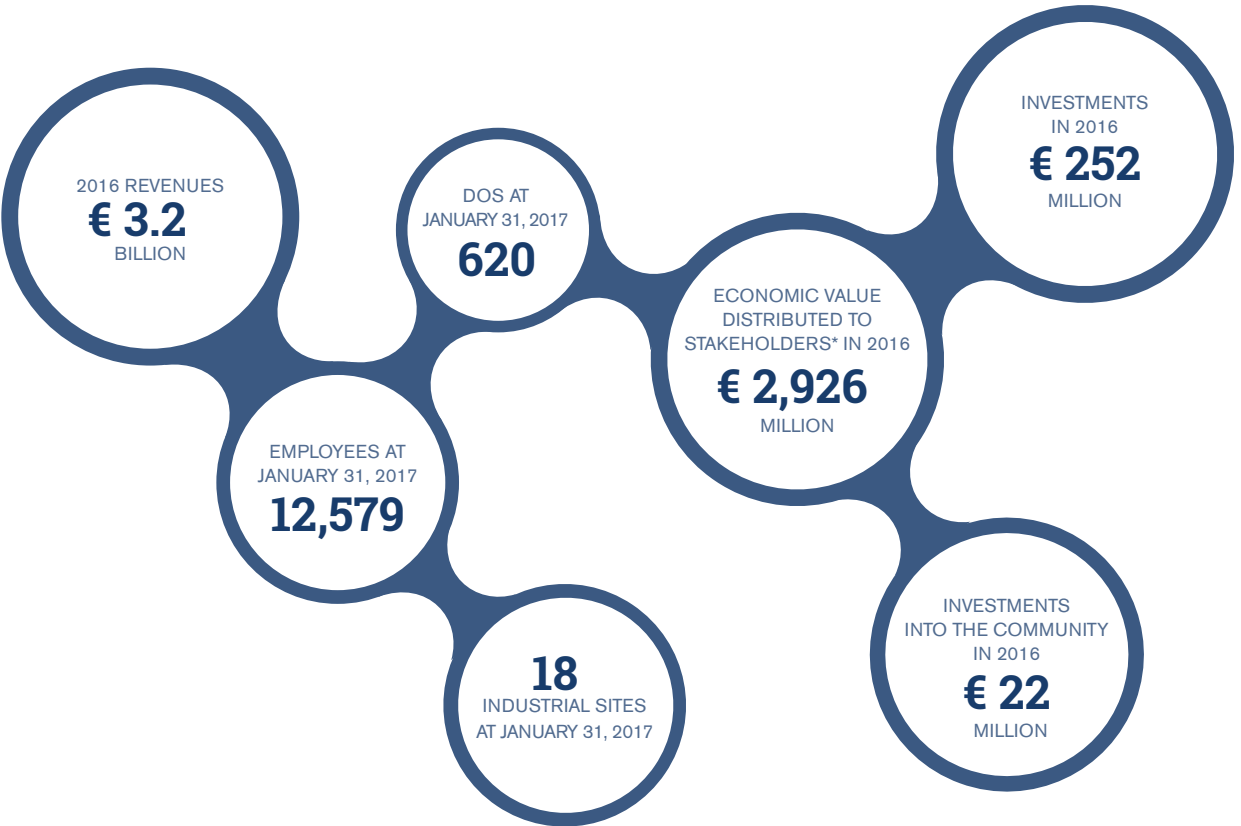
On June 24, **2011**, Prada spa was successfully listed on the Main Board of the Hong Kong Stock Exchange.

In March **2014**, Prada spa announced the acquisition of control of the company Angelo Marchesi srl, owner of the historical Milanese patisserie founded in 1824, thus marking the entry into the food segment.

In **2015**, the Prada Group completed the acquisition of the French Tannerie Mégisserie Hervy to further strengthen its integrated production know-how. That same year, the Prada Group and Coty Inc. launched the first Miu Miu fragrance. The commercial development of the Marchesi brand began to take shape in September with the opening of the first patisserie in via Montenapoleone, Milan.

2016 featured extensive manufacturing investments leading to the completion of the Scandicci leather production site and to the renovation of several factories between Tuscany and Umbria, Italy. The first construction phase of the new logistics hub for finished products was completed in Tuscany. In the retail, the launch of new concepts were implemented for Prada and Miu Miu stores.

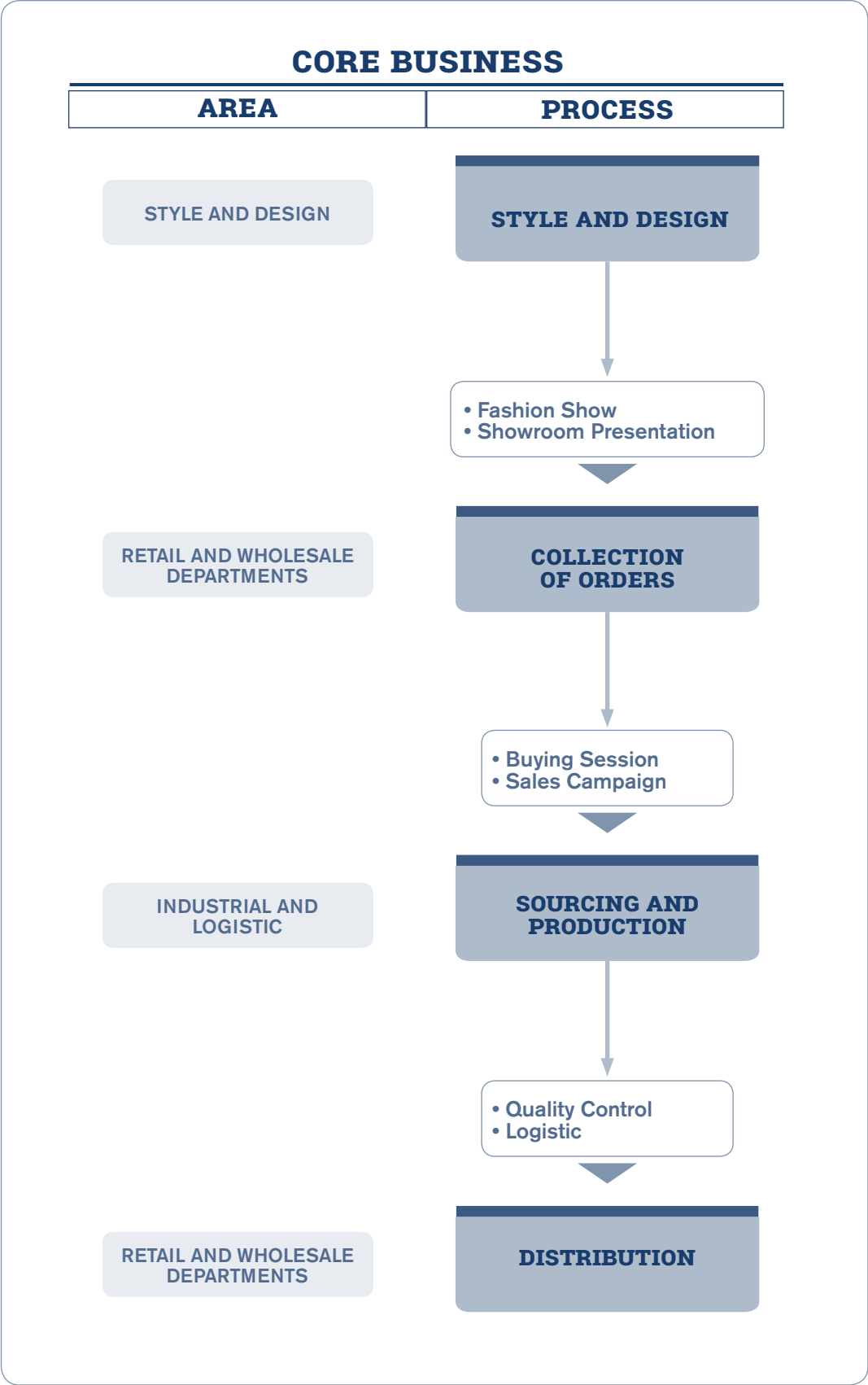
1.2 2016 HIGHLIGHTS



*Economic value distributed to stakeholders in compliance with GRI-G4 indicator EC1 - reference at page 12.

1.3 VALUE CHAIN

The Group's business model is based on a value creation chain that combines production process technologies with artisanal skills. Thanks to this integration the Group, leveraging on its stylistic skills, is able to translate avant-garde concepts into innovative exclusive products, combining production capacity with rigorous control over qualitative standards; at the same time, Prada dedicates a special commitment towards the development of know-how and the protection of ethical values along its entire supply chain. The goal has always been to offer customers a sophisticated, exclusive and excellent quality product that exemplifies the integrity and prestige of the Prada world.



STYLE AND DESIGN

Creativity is the first step of the value creation process.

Miuccia Prada, together with a qualified team of designers, has the ability to combine intellectual curiosity, the pursuit of new and unconventional ideas, cultural and social interests with a strong sense of fashion. This has made it possible to establish in Prada a genuine “in house” design culture, also based on method and discipline, which guides everyone working in the creative process.

This unique approach enables Prada always to anticipate and, often influence, trends, continually experimenting with new designs, fabrics, leathers and production techniques. This experimentation and exchange of ideas are the essential components of the design content found in each Group's product. The time spent at the “drawing board” and in the “fitting room” on research and stylistic development for the brands is fundamental in defining each collection in which apparel, footwear and accessories complement one another defining a consistent and representative image of the brands.

Prada's flair and the strong appealing power exercised by the tradition and company's standards continue to attract talented people from all over the world who want to share Prada's experience in many different creative fields. This results in teams in all aspects of the creative process: from fashion design to manufacture, from architecture to communication and photography, from interior design of the stores to all unique and special projects in which the Prada Group is involved.

FASHION SHOWS AND COLLECTIONS

The collections are inspired by the fashion shows, which are always rich in content and impeccably executed, transforming innovative fashion concepts into commercial products.

ORDER COLLECTION

New collections are unveiled at the Group's brand-specific showrooms, where a number of presentations and analyses are held with in-house and independent merchandisers and buyers from all over the world. By sharing the process that led to their creation and producing variations through the lens of local markets, each consumer is given access to the innovation, exclusivity and quality that are the hallmarks of the Group's merchandise.

SOURCING

Selecting the right suppliers is fundamental for achieving the highest quality standards. Historically, the Group has always worked with the best suppliers of raw

materials, in their own right leaders and reference in their sectors. In most cases, these are long-term relationships, initiated following a rigorous selection process, whose strict parameters are intended to ensure the highest standards of technical, economic and ethical reliability. The Prada Group has always valued long-term relationships built on everyday interaction: these partnerships are crucial not only for the growth and improvement of the participants but also for sharing a single, strategic objective hinging on quality, excellence and the creation of value over the medium to long-term.

PRODUCTION

The Prada Group's products are manufactured in the 18 directly owned production sites (15¹ in Italy, 1 in England, 1 in France and 1 in Romania), in addition to a wide network of suppliers. Most of the Group's partners are craft artisan workshops with extensive experience and a strong sense of tradition. They are provided with carefully selected materials and with all technical specifications—from pattern-making to the data sheet—needed to produce first the samples and then the merchandise.

The Group's experienced technicians provide constant support throughout the production process.

The production sites represent the best expression of the manufacturing tradition of the Prada Group, combining the preservation of traditional artisanal skills with state of the art technological processes, designed to achieve and maintain uncompromised standards of excellence, quality and workmanship.

In the framework of the Group's industrial development strategy, aimed at maintaining and enhancing the most delicate and specific production processes inside the Company, 2016 has been characterized by an intense activity that led to the completion of several industrial re-qualification projects, and especially in Italy during the year, aimed at strengthening control over the production cycle and improving environmental performance. In addition, the first construction phase of the new logistics hub for finished products of the Group was completed.

CONTROL

The Group employs considerable resources to ensure excellence in the quality of raw materials and its products processing materials, also protecting the health and safety of final consumers. Each industrial division employs technicians that have the task to ensure the achievement of these goals through strict checks on incoming and outgoing materials and daily visits to external production sites. Product and process control not only ensures that standards are being met, but contributes to ongoing improvement.

¹ The 15 industrial sites do not include 3 facilities that coordinate and support production.

Prada has set up an Industrial Compliance Committee to ensure that the production and distribution of its products worldwide always complies with applicable laws. The Committee has the task not only to respect local legislation but also to developing standards and procedures that are often more stringent than those required by law. The ultimate goal is to be proactive with respect to the entire system, made up of consumers, manufacturers and the outside environment as a whole.

DISTRIBUTION

The recipe of the Prada Group's success lies in its ability to innovate along every step of the value chain, including distribution.

Over the years, the Group has expanded its distribution network to 620 stores operated directly (DOS - Directly Operated Store) in the most prestigious location of the main destinations for international shopping, consistently with the image, heritage and exclusivity of each brand. This extensive network is a real asset for the Group, thus providing an important showcase for the launch of collections and an essential vehicle of contact with the client. The shops transcend their primary function of sale and are also an important tool of communication; true ambassadors of the brand, convey the image of each brand in a consistent and unique way. The directly operated stores also allow the Group to monitor in real time the progress of sales performances in the various markets for each brand and each single product.

The wholesale channel (department stores, multi-brand stores, franchisees and e-tailers) provides a number of additional stores selected according to the prestige of the location on the different markets and allows a direct and immediate comparison with the competitors. In recent years, this channel has been the subject of careful review, aimed at further selection of the network of shops, greatly reduced in number, so as to be more consistent with the retail network expansion and to respect the right position and the international brand image. At the same time, the Group's evolution in the digital world has led to launching new partnerships with major online sales operators (e-tailers).

TRADEMARK PROTECTION

The Intellectual Property Department is committed in the protection of trademarks and in the fight against counterfeiting and intellectual property infringement. It has systematic preventive and defensive measures in place worldwide, and constantly monitors the registration by third parties of trademarks, patterns or designs that are identical to or likely to be confused with the Prada Group's distinguishing marks. Any infringement of Prada's intellectual property rights is contested by opposing registration or petitioning for cancellation before the competent authorities.

The Group is constantly on the lookout for illegal appropriation of its trademarks, patterns and designs and monitor both the traditional and online retail and wholesale channels. Prada collaborates on a daily basis with national and international customs agencies and with Italy's Guardia di Finanza (Revenue Guard Corps) and Police, so they can intercept and confiscate illegal merchandise and assess progress in the battle against counterfeiting. We also work with organizations including the World Intellectual Property Organization, the International Anti-Counterfeiting Coalition, France's Union des Fabricants, and the Istituto di Centromarca per la Lotta alla Contraffazione.

Over time, these control activities have enabled the Group to make an important contribution to tackling a wide range of criminal activities that are often associated with cases of counterfeiting, such as child labor, forced labor, tax evasion and money laundering.

Through close cooperation with the authorities, over the past three years Prada's anti-counterfeiting measures have led globally to the seizure of 1.2 million fakes, the contestation of more than 360,000 e-commerce ads (of which 327,000 have been taken down), and the removal of illegal content from more than 4,845 websites.

SPECIAL PROJECTS

Convinced of the need to combine a range of varied creative experiences to ensure that its style, image and communications activities are renewed and updated constantly, the Prada Group has always had strong links with other fields, especially art and culture. Interaction with these apparently distant environments has led to the realization of architectural, artistic and cultural projects and sponsorships of sports events. All these initiatives have, over the years, helped define the many facets of the Prada universe.

1.3.1 ECONOMIC PERFORMANCE AND BUSINESS STRATEGY

2016 was a challenging year for the Prada Group, as it made concrete plans for brand development and launched an overhaul of its main operating processes.

This transition phase coincides with the completion of the long-term plan for the geographical expansion of its retail network and the beginning of efforts to streamline operations and achieve an innovative form of integration with the digital universe. The business climate was mired in uncertainty, due to ongoing geopolitical tensions of global impact, as well as new events that have suddenly altered economic balances around the world.

Meanwhile, the stabilization of some currency trends paved the way for a recovery in domestic consumption, as in China and Russia, although growth in these markets has not yet compensated for the decrease in cross-border tourism.

Against this backdrop, the Group took the initiative on several fronts, starting as always from the development of new products that stand out for their innovative style and outstanding quality. New items were designed for Prada and Miu Miu in every category, particularly leather goods, with the creation of new, iconic handbag designs as well as special editions. With the same dedication, the Group also focused on store renovation with a view to enhancing the shopping experience. The massive restyling program launched during the year has begun to create more intimate, exclusive environments, updated to meet Prada's and Miu Miu's new aesthetic guidelines, where features of the various local cultures have been given.

The recent redefinition of the Group's digital strategy, with the formation of a highly qualified team, is the foundation of a new global vision whereby brands will be empowered to express their full potential. These efforts will generate organic growth based on product quality, strong innovation, and distribution/communication channels that permanently evolve in line with the habits of new generations of consumers.

Moreover, in 2016 the Group made some industrial changes under a three-year plan launched in 2015, which aims to strengthen control over the production process by insourcing some of the most delicate phases. These investments will help preserve the craftsmanship at the heart of the Group's business model, while underscoring its ties especially to the Italian community and the will to responsibly control its manufacturing cycle.

Finally, efforts to streamline facilities and simplify processes took the form of new, transversal projects involving every unit and department while strengthening the cost reduction targets identified in 2015.

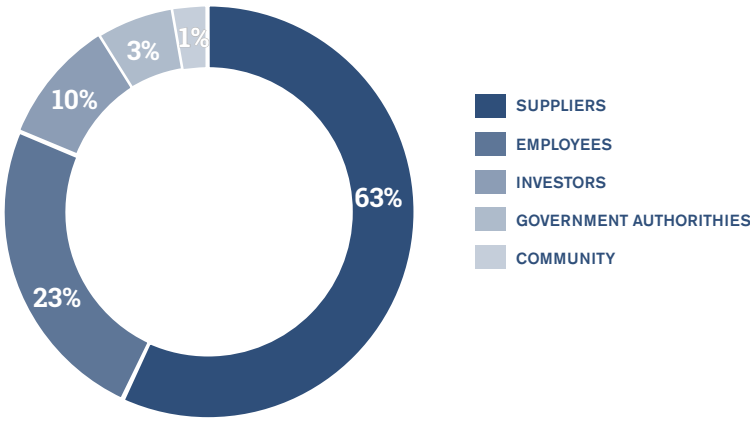
As for performance, cost-cutting programs managed to keep profitability from being further diluted by the decline in retail sales. The year closed with EBIT (Earnings Before Interest and Taxes) of Euro 431.2 million, 13.5% of net revenues, while the Group's share of net income came to Euro 278.3 million (8.7% of net revenues).

The financial objectives set by the Group helped optimize working capital management; the resulting increase in operating cash flow brought the net financial position to positive territory by the end of the year.

EC1 INDICATOR - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	2014 Euro/1000	2015 Euro/1000	2016 Euro/1000
Economic Value Generated	3,555,465	3,553,898	3,190,896
Economic Value Distributed	3,157,435	3,207,289	2,925,740
Operating costs	1,941,045	2,014,073	1,831,423
Value distributed to Employees	638,947	702,543	677,144
Value distributed to Banks and Bond Holders	16,427	19,420	17,293
Value distributed to Government Authorities	254,468	159,367	95,647
Value distributed to Investors	290,849	284,699	282,180
Value distributed to the Community	15,699	27,187	22,053
Economic Value Retained	398,030	346,609	265,155

The consolidated income statement for 2016, presented according to the GRI model of the economic value generated and distributed, shows an economic value retained amounting to Euro 265.2 million, down by Euro 81.5 million compared to 2015. The contraction in the economic value generated (-10.2%), essentially due to the retail sales contraction, caused a slightly lower decrease (-8.8%) in the economic value distributed whereas the most significant reduction was recorded towards the Government Authorities following the contraction of taxable income.

The table below gives a representation of the economic value distributed to the stakeholders:



1.4 ETHICS, GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

1.4.1 CODE OF ETHICS

The Prada Group considers respect for ethical principles to be a basic pillar of its values and success. The Group believes and act in:

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

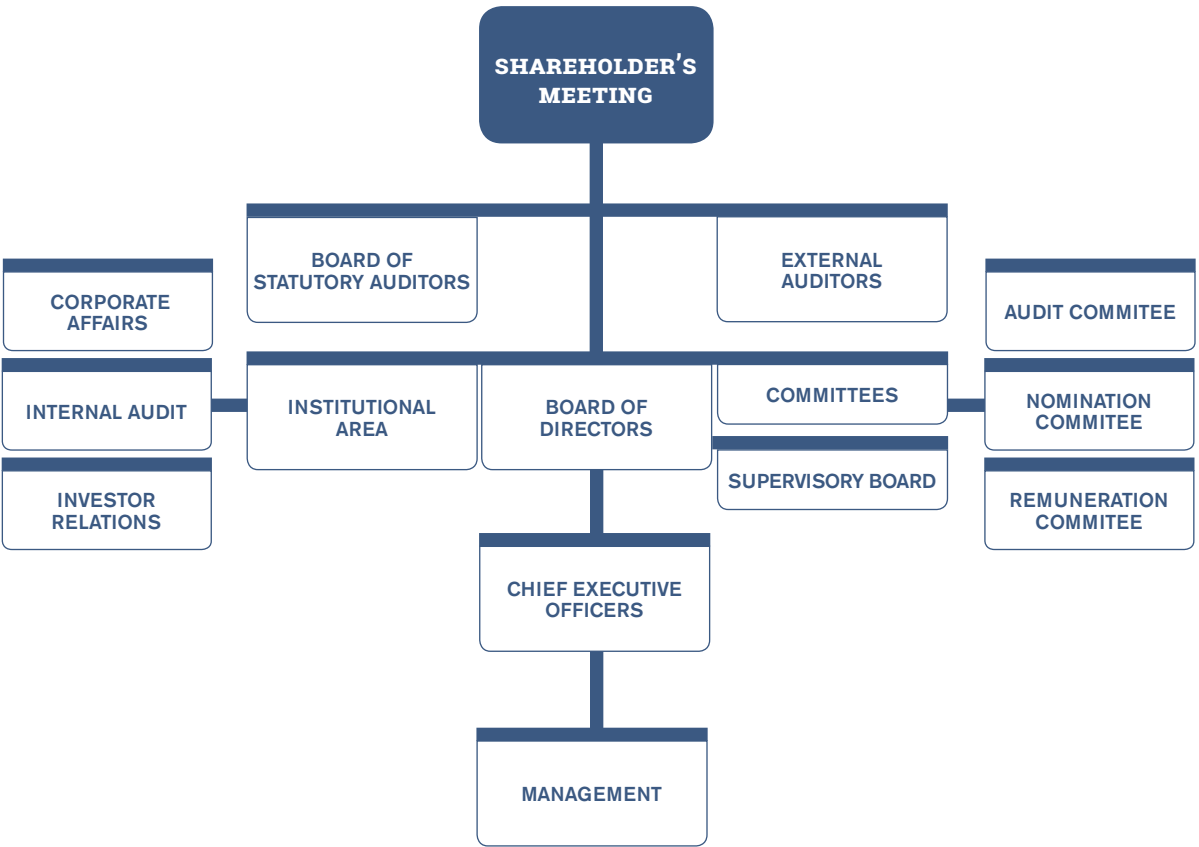
Since 2007, these principles have been given formal expression in the Prada Group's Code of Ethics. The Code sets out the guiding principles of the Organization, being one of the main pillars of the Group's governance model, and is also supported by a set of procedures in order to turn these values into daily actions.

The adoption and application of the Code of Ethics is essential for the achievement of the Company's primary objective, consisting in the creation of value for shareholders, employees, customers and for the community as a whole.

The Code is shared by all employees and parties who support in developing, manufacturing, promoting, distributing and selling the Organization's products of the brands in the portfolio. The Group promotes its awareness through various means such as online publications, direct communications and as part of the supply contract with most of the partners, as it is considered a prerequisite for the establishment of the contractual relationship.

1.4.2 GOVERNANCE MODEL

The corporate governance model adopted by the Company consists in a set of rules, regulations, practices and procedures aimed toward establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders and to enhance shareholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations, and in particular with the principles of the Corporate Governance Code contained in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange.



The Company has adopted a "traditional" governance system, in compliance with the Italian Civil Code, consisting of a management body, the Board of Directors, an internal supervisory body, the Board of Statutory Auditors, and an external one, the Audit firm, in addition to the above-mentioned committees, and a system of proxies and powers, organized by level of accountability and designated to ensure that the business is run according to the business procedures laid down by the Company.

With a view to achieving a sustainable and balanced development, the Company has viewed diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its development. All Board appointments are based on meritocracy and candidates are proposed and selected based on objective criteria, with due regard for the benefits of diversity within the Board. The Board diversity policy has been considered and adopted by the Board since 2013 and encompasses a wide range of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and nationality.

At the Shareholders' meeting held on May 26, 2015, the Board of Directors, consisting of nine members, was appointed for a term of three fiscal years (2015-2017). Following the resignation of two Directors in the first months of 2016, the Shareholders' meeting held on May 24, 2016, has appointed two new Directors for the period corresponding to the duration of the other Directors in office at present.

Specifically, the Board of Directors is composed of four executive Directors, two non-executive and three independent non-executive Directors. All Directors have distinguished themselves in their respective areas of expertise and have provided support to the Board of Directors in their respective functions.

The Board of Directors is responsible for the ordinary and extraordinary management of the Company. The Board has the power to carry out all acts it deems advisable to implement and attain the Company's corporate purpose, except for those acts reserved by laws or by the By-laws for resolution at a Shareholders' general meeting.

In particular, the Board of Directors is responsible for defining the overall strategy of the Group and for approving annual budgets, extraordinary transactions, transactions with related parties and all other initiatives with a significant financial impact. The Board is also responsible for constantly reviewing the operational and financial performance of the Company and the Group.

The Chairman of the Board of Directors is the Company's legal representative. The Chairman coordinates the Board of Directors' activities and verifies the proper application of corporate governance practices and procedures. The Chief Executive Officers are responsible for managing the Company's business, including the implementation of major strategies and other initiatives adopted by the Board.

The table below shows the data on the composition of the Board of Directors.

BOARD OF DIRECTORS			
EXECUTIVE DIRECTORS	Role	Gender	Age
Carlo Mazzi	Chairman	Male	> 50
Miuccia Prada Bianchi	Chief Executive Officer	Female	> 50
Patrizio Bertelli	Chief Executive Officer	Male	> 50
Alessandra Cozzani ⁽¹⁾	Chief Financial Officer	Female	> 50
Donatello Galli ⁽²⁾		Male	> 50
NON-EXECUTIVE DIRECTORS	Role	Gender	Age
Stefano Simontacchi ⁽³⁾		Male	30 - 50
Maurizio Cereda ⁽⁴⁾		Male	> 50
Gaetano Micchichè ⁽⁵⁾		Male	> 50
INDEPENDENT NON-EXECUTIVE DIRECTORS	Role	Gender	Age
Gian Franco Oliviero Mattei		Male	> 50
Giancarlo Forestieri		Male	> 50
Sing Cheong Liu		Male	> 50

(1) Appointed as CFO on February 19, 2016; (2) Resigned on February 19, 2016; (3) Appointed on April 8, 2016 and re-elected on May 24, 2016; (4) Appointed on May 24, 2016; (5) Resigned on April 15, 2016;

The Board of Directors is supported by the mainly consultative activity conducted by the committees established by the same, in particular, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each Committee is chaired by an Independent Non-Executive Director.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process and its internal control and risk management systems.

AUDIT COMMITTEE	Role	Gender	Age
Gian Franco Oliviero Mattei	Chairman	Male	> 50
Giancarlo Forestieri		Male	> 50
Sing Cheong Liu		Male	> 50

The primary duties of the Remuneration Committee are to make recommendations to the Board on the policy for the remuneration of the Company's Directors and senior management.

REMUNERATION COMMITTEE	Role	Gender	Age
Gian Franco Oliviero Mattei	Chairman	Male	> 50
Giancarlo Forestieri		Male	> 50
Carlo Mazzi		Male	> 50

The Nomination Committee has the primary duties to determine and revise the policy for the nomination of Directors, to assess the independence of Independent Non-Executive Directors on an annual basis, and to make recommendations to the Board regarding the structure, size and composition of the Board itself.

NOMINATION COMMITTEE	Role	Gender	Age
Gian Franco Oliviero Mattei	Chairman	Male	> 50
Sing Cheong Liu		Male	> 50
Carlo Mazzi		Male	> 50

The recommendations made by the advisory committees are periodically presented to the Board of Directors for discussion and possible adoption.

The Board of statutory auditors is the supervisory body in charge of verifying compliance with applicable laws, regulations and the By-laws, as well as compliance with the principles of sound management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the Company and its proper functioning.

The Shareholders' meeting held on May 26, 2015 appointed the current Board of statutory auditors that consists of three statutory auditors and two alternate statutory auditors for a term of three fiscal years (2015-2017).

BOARD OF STATUTORY AUDITORS	Role	Gender	Age
Antonino Parisi	Chairman	Male	> 50
Roberto Spada		Male	> 50
David Terracina		Male	30 - 50

In compliance with Italian Legislative Decree no. 231 of June 8, 2001, the Company has established a supervisory body whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Model of Organization, adopted by the Company pursuant to the Decree. The Supervisory Body consists of three members selected among qualified and experienced people and nominated by the Board of Directors.

SUPERVISORY BODY	Role	Gender	Age
David Terracina	Chairman	Male	30 - 50
Paolo De Paoli		Male	30 - 50
Gian Franco Oliviero Mattei		Male	> 50

In 2016, the Corporate Social Responsibility Committee was set up to promote initiatives and projects in the social responsibility area and the sharing with senior management of the guidelines for its implementation. The Committee met twice during 2016 and started a systematic dialogue with the various departments on those social responsibility issues considered more strategic for the Group.

More detailed information on corporate governance is provided in the Corporate Governance section contained in the Annual Report 2016.

1.4.3.COMPLIANCE AND RISK MANAGEMENT

Given the complex regulatory environment, the Prada Group assigns various departments and hires external specialists to keep abreast of changing laws and regulations so that it can adapt its procedures in a timely manner and reduce non-compliance risks to an acceptable level.

The Group has structured the internal control system as a process carried out by the governing bodies of the Group's subsidiaries, by management and by the corporation in general, with a view to providing reasonable certainty that control objectives will be met.

More specifically, the Board of Directors of Prada spa, referring to internationally recognized models such as the CoSO Report (Committee of Sponsoring Organizations of the Treadway Commission - international best practice), is engaged in the continuous refinement of the Internal Control system and Risk Management by verifying the operation of its main components consisting of:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- control system.

The internal control system helps ensure protection of the company's assets, the efficiency and effectiveness of its processes, the reliability of the information provided to its governing bodies and the market, and compliance with laws and regulations as well as by-laws and internal procedures.

The bodies involved in internal control and risk management are the Board of Directors, the Audit Committee, the Supervisory Body and the Board of Statutory Auditors, as well as all the management, that has the primary task to implement all the necessary processes and procedures to achieve the Company's goals through an appropriate system of controls that minimizes the risks for the organization.

Moreover, the Internal Auditing department works in close collaboration with the aforementioned bodies, which, in addition to the typical assurance activities, currently supports the Board of Directors and the Internal Audit Committee for risk management activities also. Furthermore, the Industrial Compliance Committee sets guidelines for implementing laws and regulations that affect the import and export of raw materials and finished goods, while providing various forms of industrial compliance assistance to the manufacturing divisions.

Risk assessment consists of identifying and analyzing the factors that might make it difficult to reach business goals, and is completed with the process that determines how these risks should be avoided, accepted, mitigated or shared. The fact that the economic, regulatory and operating environment is in constant flux raises the need for mechanisms that help identify and deal with the specific risks posed by such changes. For the Prada Group, risks can be grouped as follows:

1. risks relating to the international luxury goods market or related to the general state of the economy, the protection of intellectual property rights, image and brand recognition, and the ability to anticipate trends and respond to the changing tastes of consumers;
2. risks specific to the Prada Group related to the importance of key personnel, strategy implementation, outsourcing, legal and regulatory compliance and processing of data and information;
3. financial risk factors specific to the Prada Group related to fluctuations in exchange rates, interest rate fluctuations, credit risk and liquidity risk.

Further information is provided in the financial review and corporate governance sections of the Annual Report 2016.

In addition to the information presented in the Annual Report 2016 in particular with respect to Note 26 ("Provisions for risks and charges") on the subject of tax audits and disputes, no significant fines or non-monetary penalties were imposed on the Prada Group during the year.

2. STRIVING FOR EXCELLENCE



2.1 KNOW-HOW

Prada's defining asset, know-how creates continuity and balance between creativity and discipline, tradition and technological progress, craftsmanship and industrial production.

All manufacturing activities preserve the artisanal spirit of quality care in every detail, within an industrial organization made up of 18 proprietary plants (15² in Italy, 1 in the United Kingdom, 1 in France and 1 in Romania) and an external network of suppliers that are carefully selected and monitored.

Coexistence between design, product development, direct and outsourced production, allows Prada to maintain strong control over its know-how, quality standards throughout the manufacturing process, and the planning of production activities.

The vast majority of prototypes and samples, and a portion of finished goods, are produced at the Group's own facilities.

2.1.1 SOURCING AND USE OF RAW MATERIALS

The quality of raw materials is fundamental to the Prada product and a top priority for the Group. This is why the Group's apparel, footwear and leather goods manufacturing divisions select their own suppliers directly, coordinate and supervise the manufacturing process right through to the finished product. Since the outset, this approach has been a defining element of Prada's industrial strategy and ensures full control of a crucial link in the value chain.

The main raw materials used are leathers, fabrics and yarns. One hundred percent of the leathers come with a certificate of origin, a data sheet guaranteeing quality and compliance with standards, and certification regarding the parameters stated on the Group's Restricted Substances List (RSL).

The Group scrupulously complies with local and international regulations on the procurement, importation, use and exportation of raw materials, such as the Convention on International Trade in Endangered Species (CITES).

For Prada, sustainable management of raw materials is synonymous of optimization in the use of resources, following an approach that aims to eliminate waste and therefore minimizing the consumption of leather and fabrics. Investments in industrial development realized in recent years have led to the internalization of

2 The 15 industrial sites do not include 3 facilities that coordinate and support production.

different production phases with the aim of maintaining quality at the highest levels of excellence, while improving control on consumption at the same time (refer to chapter 5 for further details).

The materials Prada uses in the manufacturing process can be broken down into primary materials, such as leathers, fabrics and yarns, and ancillary materials such as soles, heels, zippers, buttons, yarns and ribbon. Their transformation into leather goods, apparel and footwear also involves the use of semi-finished products from third parties, which may include buckles, clasps, straps, name plates, etc.

The most relevant information relating to materials from 2014 to 2016 are listed below, each shown in its typical unit of measure.

RAW MATERIAL	Units	AMOUNTS		
		2014	2015	2016
LEATHER	Feet	56,218,606	36,245,611	20,319,996
FABRICS	Meter	3,866,650	2,862,145	2,427,903
YARNS	Kilo	98,059	90,984	91,995
SHOES' SOLES	Pair	1,104,471	940,641	941,903

The strategy of reduction of the finished products inventories adopted during the year resulted in lower consumption of raw materials, especially for the production of leather goods. Overall, purchases of the aforementioned raw materials accounted for approximately 60% of the economic value of all raw and semi-finished purchases of the year 2016.

2.1.2 TIES WITH THE COMMUNITY DURING THE MANUFACTURING PROCESS

The international success of the Prada Group is deeply rooted in Italy, also with respect to the supply chain. In 2016 the Group purchased materials from about 500 suppliers³, about 81% of them located in Italy, 10% in other European Union countries and the remaining 9% in other Non-U.E. countries. In many cases these are materials produced expressly for Prada, according to strict technical and design specifications, by long-established partners: 57% of them have been working with the Group for more than 10 years, and 19% for 5 to 10 years.

The focus on this origin of raw materials is demonstrated by the procurement data regarding leather for footwear and accessories.

³ For the purposes of this analysis, suppliers of raw materials with purchases of more than Euro 30 thousand in 2016 have been considered. Overall, these suppliers account for more than 98% of the total value of the Group raw materials' purchases.





include environmental sustainability, given the heavy impact of the tanning process especially in terms of water consumption and emissions.

In outsourcing, too, the Prada Group stands out for its strong ties with the artisanal craft experience typical of the Italian tradition. In 2016 the Group worked with about 400 suppliers⁴ that are joined by the aforementioned 500 suppliers of raw materials. 79% of manufacturing suppliers are Italian, 10% from European Union countries and 10% from other Non-U.E. countries. 38% of the suppliers have been collaborating with the Group for more than 10 years and 25% for 5 to 10 years. These are relationships built on mutual trust, by working together on a daily basis with a view to constantly improving and learning.

2.1.3 GROUP'S QUALIFIED VENDOR LIST PROCEDURE

In 2016 the Group started to renew the "Group's qualified vendor list" procedure to redefine the responsibilities and operational behaviors required to evaluate ethical, technical and economic reliability. Moreover, further controls to start and continue a supply relationship are also set out by the procurement policy as risks of non-compliance are mitigated through additional checks and assumptions of responsibility.

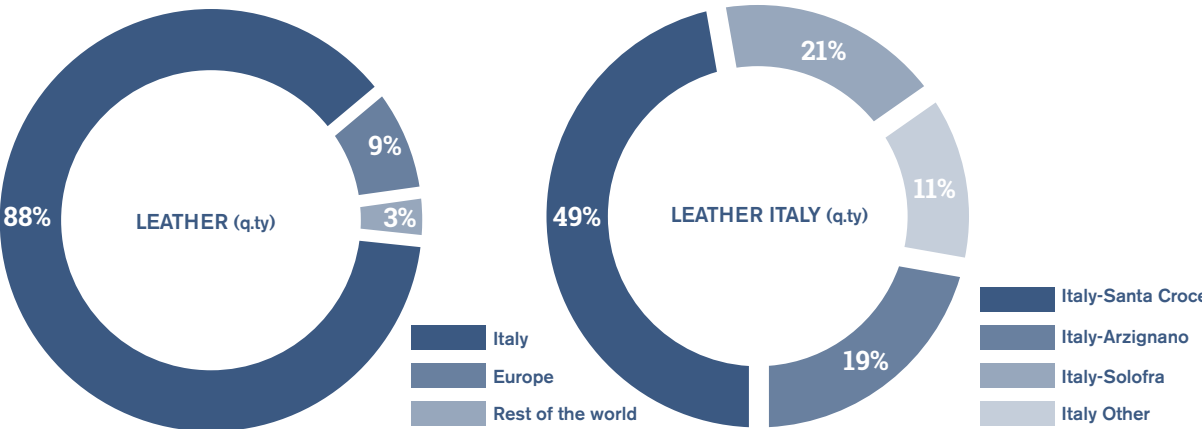
Specifically for ethical issues, the accreditation and maintenance of a supplier's qualification is based on the collection of documents, attestations and self-certifications that ensure compliance with the law on remuneration, social security, taxation, health and safety, environment, privacy and governance model. Finally, the subscription to the Code of Ethics is a fundamental prerequisite for working with Prada.

This information is subject to periodic updates and systematic checks to ensure veracity and consistency. Such controls, operated by purchasing structures or business areas focused on various topics are made on a sample basis or when a problem is encountered. The procedure may include further inquiries in case of lack of self-certification of compliance with labour, safety in the workplace and social security contribution laws. This type of controls is coupled with visits by industrial divisions to suppliers (almost daily for the most important ones) that, other than ensuring compliance with technical and commercial agreements, provides additional comfort regarding working conditions.

In the case of non-compliance which can be remedied, the supplier may be temporarily suspended, while for more serious cases of non-compliance with ethical, technical and economic requirements, contract resolution might be immediate.

⁴ For the purposes of this analysis, manufacturing suppliers with purchases of more than Euro 30 thousand in 2016 have been considered. Overall, these suppliers account for more than 99% of the total value of the Group semi-finished goods' purchases.

In terms of quantity, in 2016, 88% of the leather came from Italian tanneries renowned for their quality and old tradition. Another 9% came from European suppliers, while the remaining 3% from outside Europe.



The clusters of Santa Croce (Tuscany) and Arzignano (Veneto) accounted, respectively, for 49% and 19% of all leather purchased by the Prada Group in Italy. These are specialized leather districts that set the standards for the production of high-quality leathers around the world. Santa Croce in particular is an organized cluster of traditional small and medium-size businesses known for their excellent work, whose shared values

2.1.4 PRODUCT RESPONSIBILITY

Product quality and the health and safety of customers are central to the Prada Group's manufacturing processes. The products must meet uniform quality standards and satisfy all current regulations in the more than 70 countries where they are sold.

To achieve these goals, the Group employs some 290 technicians, each with at least ten years' experience, who run strict quality controls on every material used in the production process, from sourcing to the finishing touches. They make periodic visits to the manufacturing sites of raw material suppliers and subcontractors to assess their processes, the quality of their goods and the general workplace conditions.

In 2010 the Group formed a Committee to assist the manufacturing divisions in matters of legal compliance. Comprised of managers from the industrial area, the Committee sets guidelines regarding all aspects of compliance with national and international legislation on the nature and proof of origin of raw materials, creation of the finished product, and consumer health and safety in general.

In the context of these control and guidance activities, since 2014 the Prada Group has kept a Restricted Substances List ("RSL"), a procedure that sets limits on the presence of chemicals in its products. In 2016, Prada took the additional step of aligning its RSL limits with the more stringent, proactive approach outlined in the "Guidelines on ecotoxicological requirements for clothing, leather goods, footwear and accessories" endorsed by the Camera Nazionale della Moda Italiana ("CNMI").

These limits are the most virtuous in international practice and aim to ensure higher chemical safety standards than those prescribed by the strictest national and international laws. Prada's 1,000 or so suppliers of raw materials, packaging and manufacturing services, which represent Prada's production chain, have all received the Group's RSL and those that as of January 31, 2017 had formally accepted and signed the procedure accounted for 72% of purchasing by volume. The aim is to increase that percentage through outreach activities aimed at encouraging its other suppliers to sign on. Extending the reach of the RSL is important to improving the sustainability of the Group's production cycle, as is Prada's ongoing commitment to CNMI programs on chemicals, for which in-depth studies have been initiated on the application of the guidelines to manufacturing processes, and other matters.

To ensure the RSL is being followed, in addition to requiring certification and testing from every supplier, the Prada Group verifies these standards internally by conducting spot checks on all sourced materials through accredited laboratories.



In 2016 there were 2 cases (3 in 2015) of non-compliance with health and safety regulations concerning products sold in China, which resulted in total fines of approximately Euro 7,000.

There were 2 cases of non-compliance with information and/or labeling requirements, also in China, leading to fines of approximately Euro 3,500.



2.1.5 CREATIVITY AND PRODUCT EXCELLENCE

“For Prada, fashion, luxury and style have always been core aspects of a wider project than a simple and large production of clothes, footwear and handbags.

Careful observation and interest in the world, society, and culture are at the core of Prada’s creativity and modernity. This has pushed Prada beyond the physical limitations of boutiques and showrooms, leading us to interact with diverse, seemingly distant worlds, and introduce, very naturally, a new way of creating fashion.”
(Miuccia Prada and Patrizio Bertelli)

Outstanding quality, innovation respecting a century-old history, and values rooted in fine craftsmanship are the foundations of the Prada Group’s value chain and of the efforts that over time have turned a family-run business into one of the world’s leading luxury powerhouses: from the creative idea to design, manufacturing, distribution and communication. Prada is and will always be a world of infinite exploration and experimentation.

Guided by the style inspiration of Miuccia Prada, universally acknowledged as a pioneer of the fashion industry, the team of designers and craftspeople keep the Group’s values and brand identities alive, yet constantly re-interpret them in a contemporary light without forsaking their unique concept.

Here is a selection of the most iconic products of the latest collections that testify to the spirit with which they were designed, inspired by values that go beyond the simple aesthetic purpose.



PRADA ESPLANADE

The Esplanade represents the natural evolution of the timeless Galleria model, of which some of aspects have been taken and developed. The classic design with a zip fastening, double handle and shoulder strap stands out thanks to the way the leather on the quadrants is broken up, highlighted by the juxtaposition of two materials, and is available in four sizes and a wide variety of colors and combinations.

PRADA CAHIER

The Cahier bag symbolizes a notebook with details referring to ancient books. The bronze metal elements recall the protective corners of old volumes, while the use of the “saffiano” leather and the top of the flap are a clear reference to the book’s hard covers and coast.

PRADA BIBLIOTHÈQUE

With its five-pleat sides that recall the spines of volumes on a library shelf, this Prada’s tote bag is available in two sizes, both with double handle and adjustable shoulder strap, and in different materials always matched to the softest hides of the hips that allows perfect folding.

PRADA CORSAIRE

The name evokes dynamicity and adventure and the shape is reminiscent of travels with game bags and saddle bags. This sporty practical bag with balanced proportions is perfect for a dynamic, active woman who exudes unfailing elegance with a touch of irony, provided by the sequence of rings.







MIULADY

Realized with some of the Miu Miu's iconic type of leather, its classic closure is embellished with a handmade jewel buckle made of precious stones with bright colors.

MIU MIU BALLET LACES

The new Ballet Laces are featured by suede, woven madras leather, denim, laminated nappa leather, cheetah print and plaid print. Miu Miu ballerina comes with straps, metal hardware, and ankle ribbons and reveal unexpected combinations of materials.

MIU MIU SLIPPERS

Miu Miu slipper made in soft eco shearling realized in pastel colors and embellished with an embroidery of pearls, swarovski and studs typical for the brand.

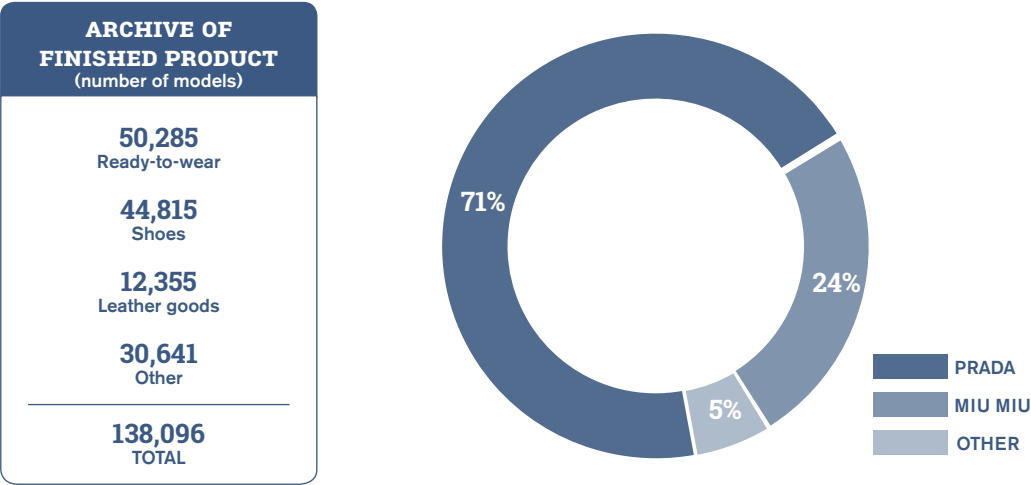
CHURCH'S SHANGHAI

In 2009 at the Northampton factory in the UK, Church's found an original model of a 1929 style that had redefined men's footwear. This innovative shoe was then recreated for contemporary tastes. It is deliberately "aged" by hand, and reproducing the typical rubber sole with logo took more than a year to accomplish.



HISTORICAL ARCHIVE FINISHED PRODUCTS

The historical archive of finished products is one of the best expressions of the balance that Prada has always promoted between creativity and innovation representing a real strategic asset for the Group as well as a tangible evidence of the history of its brands and of a century of Italian fashion. Ever changing at the hands of the style department to serve as a constant source of inspiration, the archive reconstructs Prada's complex and often elaborate reflections and experiments in the world of fashion and culture in general. The archive, constantly updated with the products of new collections, is located at 5 warehouses between Tuscany and Milan and, at the date of this Report, consists of about 138,000 items at the reporting date. The contents of the archive are summarized below.



HISTORICAL ARCHIVE OF FABRICS

The archive dedicated to fabrics represents another distinctive excellence of the know-how of the Prada Group and is located in one of the warehouses in Tuscany. The archive is made up of a total of 23,130 samples of original fabrics, representing over 5,000 different designs, covering a volume of over 300 m³: unique and exclusive prints, lace, macramè and more.

All the Prada and Miu Miu fabrics have been filed in 1.5 meter rolls, each of them with their respective variants of color, and cataloged with all the information about the manufacturer and the technical characteristics. The totality of the archive, constantly expanding as it is constantly integrated with the fabrics of the new collections, has been photographed and inserted into a computer system to speed up research and visualization.





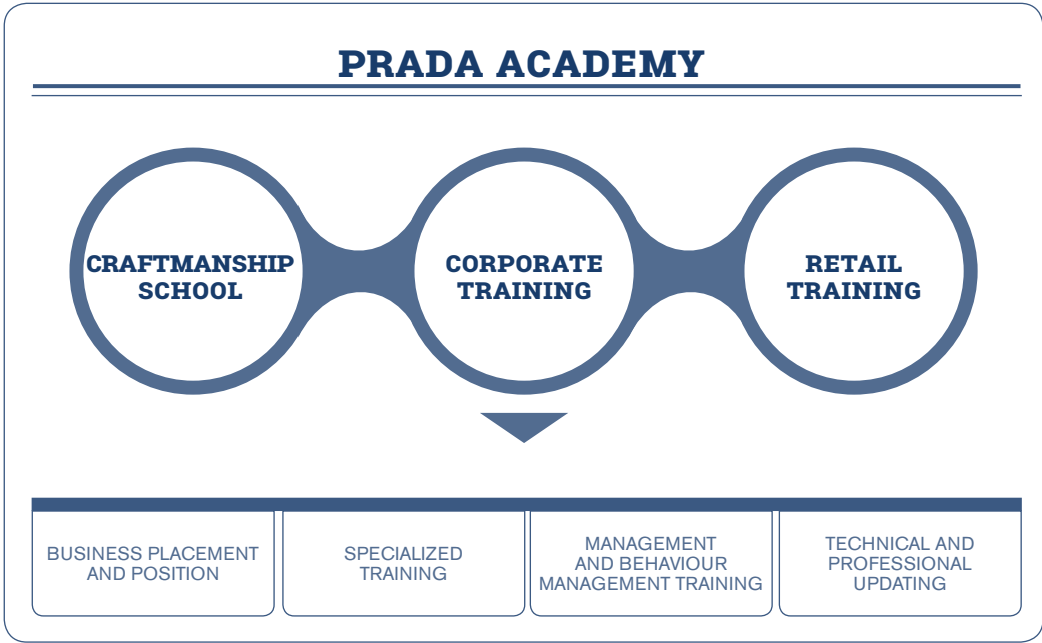
2.1.6 PRESERVING TRADITIONAL EXPERTISE AND DEVELOPING SKILLS

The preservation and advancement of expertise is fundamental to the Prada Group, which prides itself on transmitting skills from generation to generation.

Back in the 1990s, the Group began to codify all its industrial and handcrafting processes in manuals and written procedures so they would be accessible within the Group. Even now, details are constantly added to these documents, which ensure the continuity and consistency of the know-how and serve as inspiration for the corporate activities.

PRADA ACADEMY

Prada Academy aims to share with today's employees, and pass down to tomorrow's new ones, a corporate culture built on combining creativity and innovation with method and discipline. Founded as a training center, the Academy offers diversified content and teaching methods for each of Prada's three macro-areas: Craftsmanship, Corporate and Retail.



At the Craftsmanship School, the first three courses were designed in 2016 on footwear, leather goods and clothing, which began in the spring of 2017. With a view to safeguarding and passing down Prada's distinctive heritage of knowledge and artistry, the courses will be offered to 35-40 young people aged 18 to 24 who are interested in becoming leather cutters, shoemakers, hemmers and dressmakers. The courses include both theory (raw materials, manufacturing processes and techniques, business processes, and basic skills such as technology, computers and English) and practical training in the field, including visits to raw material suppliers.

The first course to be offered is for future leather cutters and will take place over seven weeks. Next, the footwear course will last twelve weeks and will train students in cutting, sewing, assembly (footwear production line) and finishing. Finally, the dressmaking course will cover cutting and tailoring skills. Because Prada wishes to preserve and transmit not only job skills, but also craftsmanship and corporate culture, all instructors will come from the Prada Group's workshops and manufacturing sites.

With respect to internal training, over the past three years Prada Academy has developed retail training programs that reinforce store management techniques and help guide and serve the Group's international clientele. In 2016 retail personnel also benefited from investments in digital technology for customer relations, which provides quick and easy updates on individual products, new collections, and major market indicators. Meanwhile, corporate employees enjoyed a wide range of courses on behavior and interpersonal skills, aimed at effectively handling the complexity of the business environment.

In addition to traditional classroom teaching, the Prada Group is developing quickly and easily accessible digital tools for continuous, permanent learning. These include the Learning Management System, an online platform where all Prada Group employees can manage their courses, consult course materials, and access a wide range of content on the Group's manufacturing and business processes.

To develop skills, broaden knowledge, and thereby increase employees' value as professionals, 44,734 training hours⁵ were provided in 2016 to 5,899 participants. Below is a summary of training hours by gender.

WORLDWIDE TRAINING	TOTAL	WOMEN	MEN
NUMBER OF PARTICIPANTS	5,899	3,421	2,478
NUMBER OF TRAINING HOURS	44,734	25,946	18,788
AVERAGE NUMBER OF HOURS PER EMPLOYEE IN THE YEAR	3.60	3.30	3.90
NUMBER OF EMPLOYEES	12,579	7,799	4,780

From the comparison with 2015, an increase of 5.6% in the number of hours of training was recorded.

Two important initiatives were launched within the training programs in 2016: the first for new hires in the corporate and manufacturing divisions in Italy, and the second for those who already work for the Group in Italy but in a capacity that has denied them the chance to share the creative and production processes behind every new product.

The program for new hires envisions three "Induction Days" spent partly in the classroom and partly on-site at the Group's industrial facilities, the goal being to help new employees integrate with the company through an understanding of its philosophy and organization. There is a specific section on the Prada Group's values that guide its efforts in terms of corporate social responsibility.

The program for the Group's existing employees in Italy lasts two days and promotes deeper knowledge of Prada's business by demonstrating the complex processes used to make clothing, footwear and leather goods and the mastery behind each product.

During the year, 39 employees took part in the Induction course and 44 in the know-your-company program. Both are evolving constantly and are likely to be extended to employees in other countries.

⁵ Hours of training do not include health and safety training.



2.2 CUSTOMER EXPERIENCE

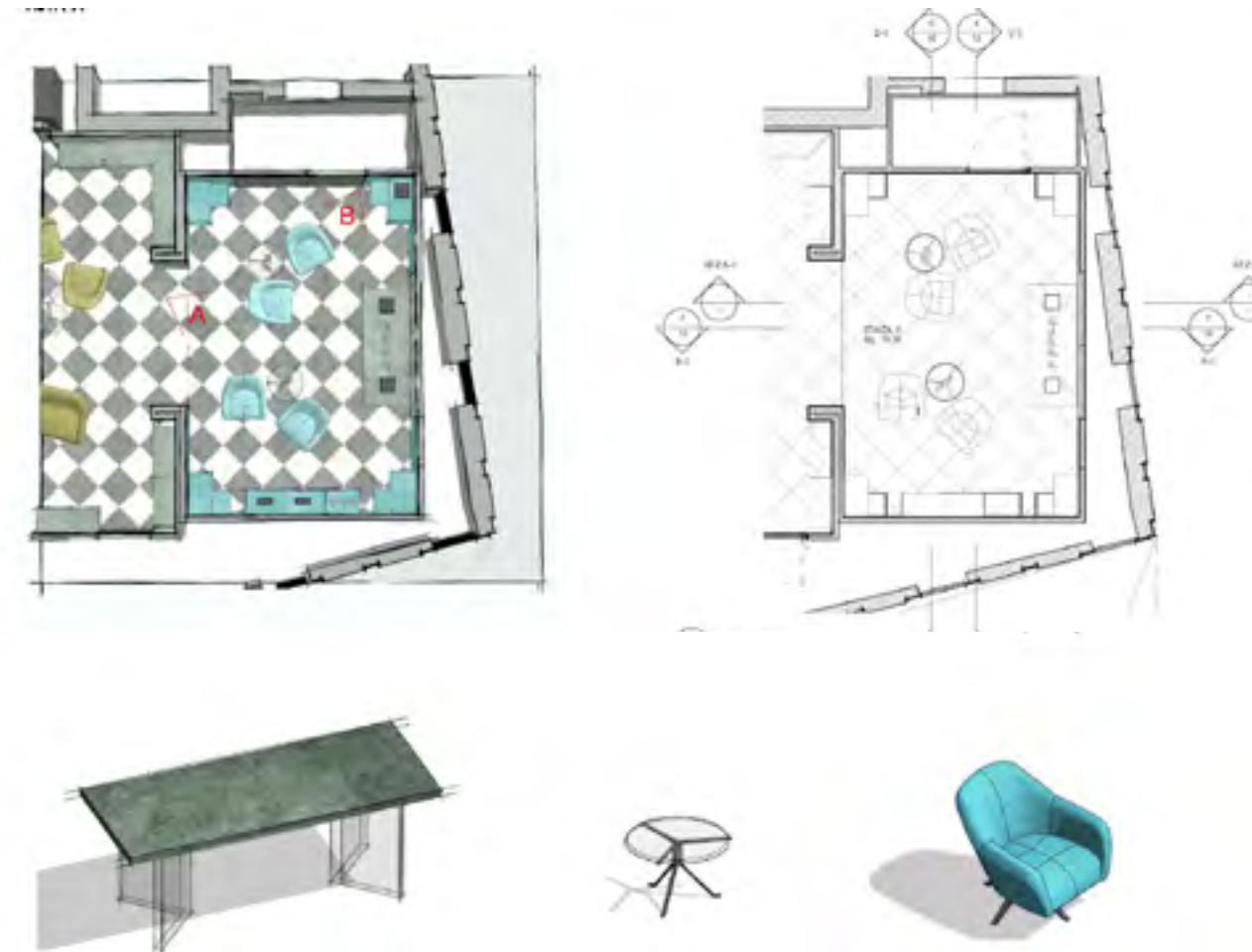
Product value is enhanced by targeted communication, which is crucial to building and transmitting a strong, consistent brand image. From fashion shows to advertising campaigns, Prada and all the brands of the Prada Group continue to create an attractive, trendy image, which is most appreciated by a high-end, international clientele and the most influential critics and observers. Ultimately it builds exclusive, personal relationships with customers, who understand how the elements of the luxury items can help define their own image and identity.

2.2.1 RETAIL NETWORK

The Prada Group owns 620 directly operated stores, in exclusive locations selected on the basis of its growth strategies. About 84% of net consolidated sales take place through this channel.

Much more than simple points of sale, the stores are important communication tools as "ambassadors" of the brand, its identity and the latest collections. All shops are run by meticulously selected personnel who take part in periodic training activities, designed not only to provide customers with the best shopping experience and insight into the style content of the collections, but to communicate the values, culture and heritage the products represent. Sales personnel provide clear information on the products and their care, as well as repair services, which enhances Prada merchandise by ensuring its quality and durability over time.

Every shop is designed, built and managed according to highly detailed internal policies, which highlight innovative concepts of



distribution and communication and ensure the unique positioning of each brand. Their interior design and their layout in terms of furnishings and fittings are defined by the Engineering division, in close collaboration with international architecture firms. Store windows and displays are created internally by retail and visual merchandising teams, so that products are always represented effectively, fashionably, and consistently with the vision behind the collection and the corresponding advertising campaign.

Since 2016, the Prada Group has begun implementing an integrated and synergic design process called Building Information Modeling (BIM). This process allows pursuing high levels of sustainability by avoiding, or reducing, possible waste of both materials and costs.

BIM is not a product or software but a "container of building information". Born from the desire to go towards the integration between processes and sustainability, it is in fact a "collaborative" design method that collects the useful information of architectural, structural, plant, energy or management planning into one tool.

A BIM project also offers the possibility to virtually process a building's life cycle so that it is easier to monitor the materials that have been used and plan in the best way their maintenance.

So far, this technology is considered to be an excellence and an important innovation in building processes and facility management.

In 2016 a restyling plan was launched for Prada and Miu Miu stores, in line with the brands' new aesthetic guidelines.

Prada has unveiled its new image following renovations or reopenings, such as in Plaza 66 in Shanghai and Canton Road in Hong Kong, two of the Group's iconic flagship stores. The design, materials used and complex details that represent the new image reflect Prada's longstanding commitment to aesthetics and luxury. The stores' highly personal atmosphere underlines the importance the Group attributes to the growing sophistication of the luxury consumer, especially in the Chinese market.

For Miu Miu, a fresh interpretation of the "Minimal-Aristocratic" theme that has defined the store concept since 2006 radically transformed its appearance in 2016 in terms of colors used, lighting, and interior layout. Some of the earliest stores to be converted to this new image are the ones in Via Sant'Andrea in Milan, Canton Road in Hong Kong, and New Bond Street in London.

In 2016, Marchesi 1824 opened a third patisserie in the heart of Milan, inside the iconic Galleria Vittorio Emanuele II that symbolizes the city. The new space reinterprets the atmosphere and allure of the original location, in a magnificent setting looking out onto the Galleria's extraordinary frescoes and floor.

The history of the Group's retail development includes partnerships with some of the world's most influential architecture firms. In 2015 Herzog & de Meuron, winners of the Pritzker Architecture Prize, worked with the Group on the Miu Miu flagship store in the Aoyama district in Tokyo, the core of the brand's Japanese operations. A few years earlier, from 2000 to 2004, Herzog & de Meuron and another Pritzker Prize winner, Rem Koolhaas, had partnered with Prada on the Epicenter Concept Stores in New York, Los Angeles and Tokyo. Still central to the Group's retail strategy, the Epicenters reflect profound insight into the concept of shopping, which is revisited to inspire unique stores where luxury goods, technology, design and architecture combine seamlessly with an extensive range of exclusive services and sensory and audiovisual experiences. Every so often, the Epicenters transcend their primary function to host movie screenings, exhibitions, debates and other cultural events.

In recent years the Prada Group has redefined its digital communications strategy. The traditional approach to retail has been enriched by the increasing availability of Group brands online. In the near future, e-commerce will extend to more products, countries and brands, and the Prada and Miu Miu retail websites will be revamped. Meanwhile, additional investments have been made in the creation and dissemination of digital content to keep up with the constant flux of consumer behavior and technological platforms. With this strategy, social media channels have become an important way to interact with customers and fans.

**INFORMATION ABOUT
SOCIAL NETWORKS**
(AT JANUARY 31, 2017)

INSTAGRAM

14.6
MILLION
FOLLOWERS

FACEBOOK

7.2
MILLION
FOLLOWERS

TWITTER

AROUND
1
MILLION
FOLLOWERS





3. WORKPLACE ETHICS



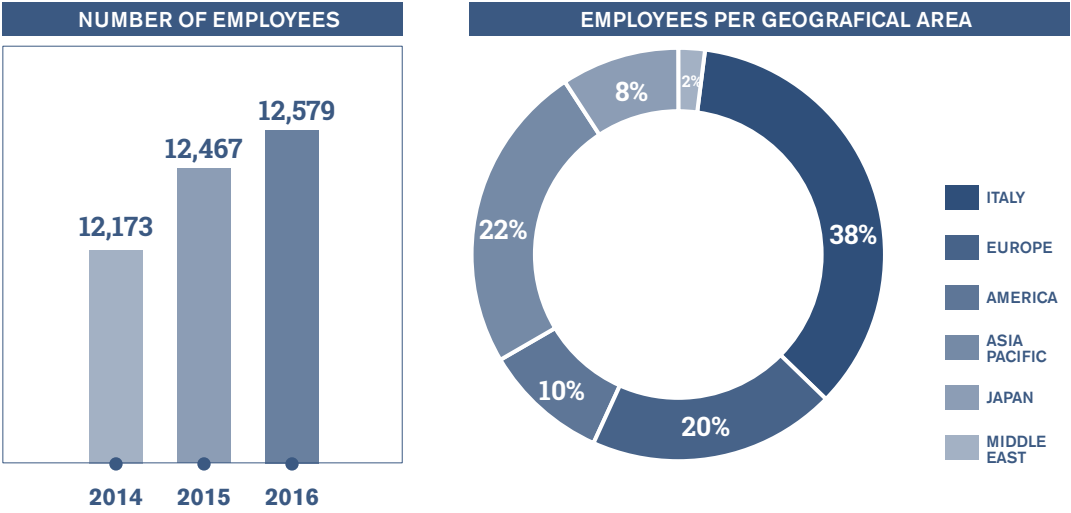
The Prada Group's business approach is based in the promotion of diversity, protection of employment and treatment of staff with care and respect. Prada has always considered human capital to be key to its competitive edge and makes every effort to promote and reward productivity, professional skills, teamwork, with an emphasis on results. The employees' enthusiasm, craftsmanship and intellectual curiosity are the elements that underpin the innovation and quality of the Group's products. Over time, the goal has been to build and fortify an open working environment where human relationships are inspired by empathy and mutual understanding, including by way of specially designed communication channels.

At the beginning of 2016, in order to strengthen the sense of belonging to the Prada Group, a corporate system of newsletter was inaugurated. The initiative is addressed

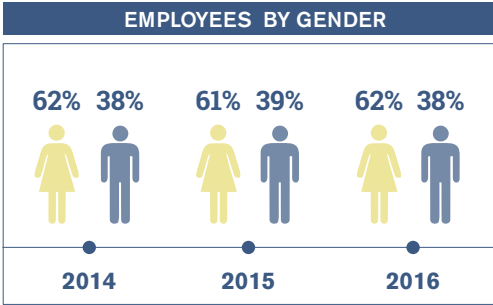
at all staff and is drafted simultaneously in four languages - Italian, English, Chinese/ Mandarin and Japanese - and updates about the activities undertaken by the Group, also providing selected news about the luxury industry. During the year, 21 newsletters were sent out.

3.1 THE WORKFORCE

As of January 31, 2017, the Group had 12,579 employees, of whom 38% work in Italy. A slight growth (+0.9%) was recorded compared to previous year mainly due to the strategy of strengthening of the organization in the industrial area.



Outside Italy, the most sizable part of the workforce is in Asia-Pacific (22%) followed by the rest of Europe (20%).



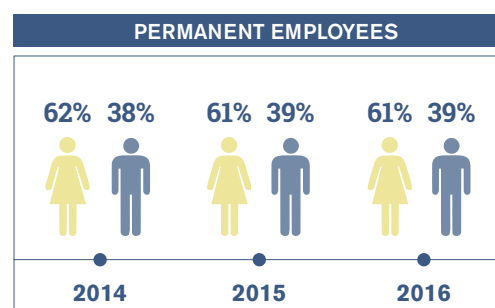
In Italy, where 15 of the 18 production facilities are located, most employees (66%) work in the industrial division, while in other countries, where 567 out of 620 directly operated stores are located, 88% of employees are in retail.

A breakdown of the workforce by age shows that in 2016, 25% of Prada employees were under 30 years old and 56% were aged 30 to 50. A further analysis reports that 34% of the retail workforce were under 30 years old, while in the industrial division, where at least ten years of experience in production and craftsmanship is particularly important, 59% of the workforce belonged to the range between 30 and 50 years old.

EMPLOYEES PER AGE RANGE			
	< 30	30-50	> 50
2014	36%	54%	10%
2015	33%	56%	11%
2016	25%	56%	19%

YEAR	LABOR						STAFF						EXECUTIVES AND MANAGERS					
	FEMALE			MALE			FEMALE			MALE			FEMALE			MALE		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50
2014	0.3%	5.2%	5.3%	1.1%	4.3%	3.0%	13.2%	23.8%	6.8%	7.3%	12.2%	4.1%	0.3%	6.0%	1.0%	0.3%	4.6%	1.2%
2015	0.4%	5.6%	5.7%	1.2%	4.4%	3.2%	11.7%	23.8%	7.1%	6.6%	12.8%	4.3%	0.2%	5.9%	1.1%	0.2%	4.5%	1.3%
2016	0.9%	5.8%	4.5%	1.8%	4.5%	2.5%	13.8%	23.4%	6.3%	7.9%	12.6%	3.5%	0.2%	5.5%	1.0%	0.2%	4.3%	1.2%

In 2016, the breakdown of employees by age and gender remained quite stable, with a greater presence of women in the 30-50 age group, mainly in "Staff" and "Executives and Managers". In these categories, women accounted for 23.4% (vs. 12.6% of men) and 5.5% (vs. 4.3% of men) of the total workforce respectively.



In terms of contract type, 88% of international employees are permanent hires, proving the Group's commitment to stability and long-term investment in human resources.

Most of the fixed-term contracts concern younger (under 30) staff in the retail area. 63% of the contracts are for women.

98% of employees work full time. In 2016 there were no differences in benefits between full-time and part-time contracts.

3.2 EMPLOYEE RELATIONS

To recruit and attract talent, the Group collaborates with universities and entities that organize post-graduate programs focusing on marketing and retail. Prada also offers internships to new graduates to enable them to obtain experience and demonstrate their skills, and have the opportunity to work in the business afterward.

The selection process, which consists of various evaluation approaches according to the position offered and experience of the candidates, is based on transparent internal policies and ensures equal opportunity.

New college or high-school graduates and candidates with up to three years of experience are screened through individual and collective testing, whereas those with strong experience undergo an individual screening process.

The Prada Group's remuneration and retention policy is designed to reward and retain highly professional staff and skilled managers, with the conviction that value is created in the medium and long-term, through constant organizational learning and consolidation of experience and competence.

The policy features a balanced combination of fixed and variable, direct and deferred components, tailored to the position and professional qualifications and consistent with the needs of the various geographical areas.

The remuneration system is formulated by the Human Resource Management using constant comparisons of the central and peripheral staff, and by external firms that carry out salary surveys on international markets and are specialized in the fashion and luxury industry.

The Group's remuneration policy is based on:

- a periodic salary review that takes into consideration the overall market competitiveness with respect to company positions and internal remuneration fairness;
- an annual incentive plan linking remuneration to the Company's earnings and to individual performance;
- long-term incentive plans, for key managers, linked to the three-year profit growth, aligning individual targets to those of the shareholders;
- specific incentive plans for the sales team; similarly, bonuses relating to the development of seasonal collections are awarded to technical specialists;
- specific benefit plans for each country, which supplement in whole or in part the mandatory entitlements (healthcare, insurance, etc.), and benefits including social services and assistance to families (public transportation, cars, school subsidies, subsistence allowances, etc.).

The Prada Group collaborates with trade unions to improve the working conditions of its employees and to foster the medium/long-term well-being of its employees and thus its surrounding communities. Over the years the Group has stipulated many supplementary agreements especially in Italy, in the United Kingdom and in France, whereby it offers better benefits than those in the local collective bargaining agreements. For instance, 82% of the employees in Italy and 100% in France can benefit from the supplementary agreements. In the UK, employees of the industrial division benefit from supplementary agreements.



The most significant benefits of such agreements for this year are as follows:

- performance bonus: variable bonus linked to production, sales and profit targets;
- vacation bonus: fixed amount equivalent to one month's pay as defined in the collective bargaining agreement;
- easy access to severance pay advances;
- flexible working hours enabling employees to achieve a more productive work-life balance;
- Supplementary Healthcare Fund: supplementary health insurance with an option to include immediate family at a special rate;
- special leave of absence for illnesses of employee's children (up to 12 years of age) in France;
- regulations, employment protection and better conditions in terms of Sunday premium pay in the stores in France.

Thanks to the respect, dialogue and cooperation in place with Italian trade unions (of which 29% of the Group's employees were members in 2016), no labor strikes occurred in the year (no labor strikes also in 2015).

The Board of Directors, together with the Remuneration Committee, is actively involved in determining the top management remuneration taking into account the roles and responsibilities assigned, and considering the market compensation applicable to similar positions in businesses of comparable size and complexity to the Prada Group.

3.3 DIVERSITY AND EQUAL OPPORTUNITY

The vast global presence of the Prada Group reflects a multitude of different cultures, skills, nationalities and religions. The communities and areas in which it operates are a constant source of inspiration and growth.

The Group firmly believes in the value of diversity as inspiration for the business and as a form of cultural richness, well-being, creativity, innovation and progress, which enables it to forge close relationships with a diversified, global customer base.

The statistics on employee origin are evidence of the various backgrounds of the workforce. In fact, persons of 101 different nationalities (109 in 2015) work for the Group.

The strong female presence is demonstrated by the ratio between males and females for each job category: women not only represent the majority of Labor (56%) and Staff workers (64%); they are also the largest component (54%) of Executives and Managers.

YEAR	LABOR		STAFF		EXECUTIVES AND MANAGERS	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
2014	53%	47%	65%	35%	55%	45%
2015	54%	46%	64%	36%	54%	46%
2016	56%	44%	64%	36%	54%	46%

Another distinctive characteristic is the prevalence of women in all divisions.

YEAR	INDUSTRIAL		CORPORATE		RETAIL	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
2014	57%	43%	55%	45%	55%	45%
2015	65%	35%	64%	36%	64%	36%
2016	59%	41%	54%	46%	64%	36%

Even at a geographical level: women represent more than half of workers in all areas in which the Group operates, with peaks in Japan and the Asia Pacific, where females account for 74% and 67% of employees respectively.

EMPLOYEES PER GENDER AND GEOGRAFICAL AREA											
ITALY		AMERICA		EUROPE		ASIA PACIFIC		JAPAN		MIDDLE EAST	
FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
58%	42%	55%	45%	60%	40%	67%	33%	74%	26%	50%	50%

Equal opportunity is reflected in the compensation and benefit system, based on the enhancement of skills and on merit, which ensures consistent treatment of genders, seniority and positions.

The gender pay gap with respect to men's and women's average salaries is shown below. In line with the data on the female presence by qualification, the substantial equality in the remuneration treatment typical of the Prada Group is evident, with a ratio almost always equal to 100% for all types of qualification.

PAY GAP (with the median as 100%)						
YEAR	LABOR		STAFF		EXECUTIVES AND MANAGERS	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
2014	99%	102%	99%	100%	100%	103%
2015	101%	98%	102%	106%	102%	98%
2016	102%	95%	101%	97%	100%	97%

3.4 WORKER SAFETY THROUGHOUT THE SUPPLY CHAIN

Personal protection is of key significance to the Group: internal policies safeguard the health and safety of employees at all Company locations according to the highest standards and in full compliance with local and international regulations.

In most locations (offices, warehouses and boutiques), risks associated with the Group's operations are limited. Manufacturing facilities present the greatest risk in terms of health and safety, but still to a low extent.

YEAR	INJURY RATE	GRAVITY RATE
	(number of accidents/hours worked)*1,000,000	(days lost for accidents/hours worked)*1,000
2014	12.96	0.27
2015	11.08	0.19
2016	11.02	0.21

In the three-year period, the injury indicators for Italian companies declined steadily: the injury rate declined by 15% (from 12.96 in 2014 to 11.02 in 2016), while the gravity rate decreased by 22% (from 0.27 in 2014 to 0.21 in 2016). As a result of training and updated safety measures, especially implemented in the industrial areas, the injury rate remained at very low level in 2016. In Italy there were 80 incidents, 70% of which involved females. 51% occurred during commuting and 49% at the Company (46% due to tripping/slipping). There were no cases of occupational disease in Italy.

In order to promote and raise widespread safety awareness, the Company, also thanks to the legislation evolution on this matter, uses on-line safety courses with specific IT platforms that are easy and simple to use. In 2016 training was provided to more than 1,020 people in Italy.

There are no committees within the Group responsible for creating and monitoring occupational health and safety programs, whereas the positions and internal organization structures required by the local legislation of the various countries in which Prada is present do exist.

Moreover, safety of the manufacturing facilities is the focus of targeted projects. Following the tragic earthquake that struck Italy's Emilia Romagna region in 2012, the Prada Group engaged a team of professionals to assess the seismic vulnerability of all its owned production facilities in Italy. Afterward, voluntary improvements to safety standards beyond those prescribed by the Building Code were made to all structures built before seismic laws were in effect. To the initiatives already undertaken, some of which completed, in 2016 the improvement works of the factory in Montone, Umbria took place.



The industrial investments made in 2016 took into account the need to assure workers high safety standards and high environmental quality in the work environment through the upgrading of all the spaces inside and outside the buildings.

The Group is engaged in guaranteeing that its products are created in conditions reflecting its commitment for the respect of human rights in the workplace and of the international rules for the safety and well-being of workers.

The Group's business partners are encouraged to go beyond the minimum regulatory requirements and foster dialogue among all parties involved to facilitate the

implementation of and compliance with the standards in order to create positive work relationships. In relationships with suppliers, social awareness is encouraged and regulatory knowledge and the adoption of environmental, social and quality certifications are promoted.

Prada's commitment is realized in part by the promotion, dissemination and signing of the Group's Code of Ethics, which is often included within business agreements.

The Code of Ethics sets minimum standards for suppliers regarding:

- rights of employees and working conditions (including number of regular/overtime/vacation hours, salaries and zero tolerance for child labor and forced labor);
- the safety, health and well-being of employees;
- equal opportunities for employees;
- freedom of association;
- health insurance for employees;
- environmental protection in the sourcing of materials and in manufacturing activities;
- the protection of intellectual property and the fight against counterfeiting.

Factories and external suppliers are required to assure that any third party that provides them with materials and/or labor for making the products is authorized and complies with the Code of Ethics.

During the year, the Group started to renew the "Group's qualified vendor list" procedure also with the aim of defining responsibilities and operational behaviors to ensure ethical reliability of the suppliers (paragraph 2.1.3).

Finally, for the 2016 fiscal period, the Prada Group published its first statement in accordance with UK MSA – Modern Slavery Act – describing its commitment to the management and control of the risk of forced labour, human trafficking and slavery along its supply chain.

4. THE PRADA UNIVERSE



The Prada Group's close ties with the fields of art and culture are an integral part of the brand values. Interaction with these seemingly distant worlds has led to the realization of special projects that over the years have contributed to the making of the multifaceted world of Prada.

4.1 FONDAZIONE PRADA

Since 1993, the interests and passions of Miuccia Prada and Patrizio Bertelli have led the Group to sponsor Fondazione Prada's activities in the fields of art and culture.

Fondazione Prada was set up in Milan as a space for contemporary art exhibitions as well as projects in architecture, cinema and philosophy. By 2010 it had staged 24 solo shows in Milan devoted to important Italian and international artists. Since 2011 the Fondazione has hosted 5 group shows at its venue in an eighteenth-century Venetian palace in Ca' Corner della Regina, and in 2016 it hosted "Belligerent Eyes", an experimental project dedicated to cinema.

In May 2015 Fondazione Prada inaugurated its new permanent facility in Milan, designed by the OMA architects led by Rem Koolhaas. Situated in the southern part of Milan, it was converted from a distillery dating back to the early 1900s. The complex has a surface area of 19,000 m² capable of holding many exhibitions and cultural events, enabling the foundation to develop its multidisciplinary vocation.

In 2016 it hosted important anthological and retrospective exhibitions dedicated to international artists, a choreographic performance, and a film festival curated by Alejandro González Iñárritu.



During the year it also continued its educational program for Children's Academy activities and began the first part of the site-specific project, "Slight Agitation", with artist Tobias Putrih.

The Osservatorio, Fondazione Prada's new photography exhibition center in Galleria Vittorio Emanuele II in Milan, opened in December 2016.

4.2 PRADA GROUP AND FAI

Knowledge, concreteness, consistency, independence, quality: these are the five inspirational principles that led Prada to find in FAI (Fondo Ambiente Italiano: Italian National Trust) a sensitive and attentive interlocutor with which to design and develop initiatives for the common good.

The two players began a long-term, continuous partnership consisting of initiatives chosen with great care: from the restoration of three arches in the Palazzo of the Archiginnasio in Bologna, and the donation of a new curtain to the Teatro Regio in Turin, to the renovation of the lighting system for the Shrine of Prosdocimus Abbey of Santa Giustina in Padua.

From 2014 and 2016 the Prada Group supported the Laboratorio at Opificio delle Pietre Dure in Florence during the completion of the restoration of Giorgio Vasari's Last Supper, overrun with water and mud during the flood of Florence in 1966 and long considered to be virtually impossible recovery.

In details, Giorgio Vasari's Last Supper, painted on a wooden panel and dated 1546, was so severely damaged by the Arno river flooding in 1966 that it was left untouched and shifted from one warehouse to another for almost forty years.

The Laboratorio dell'Opificio delle Pietre Dure, in Florence, started in 2004 the delicate work of restoration, originally sponsored by the ordinary planning of the Ministry for Cultural and Environmental Heritage, through a special fund of Protezione Civile and also by a fund managed by the Getty Foundation as part of the Panel Paintings Initiative.



Since 2014, the Prada Group and FAI have contributed to reaching the final stages of the skillful and patient restoration of the painting, that represents not only an important action for the safeguard of the artistic heritage, but also an opportunity to devise and implement innovative preservation techniques.

On November 4, 2016, on the occasion of the fiftieth anniversary of the Florence flood, the President of the Italian Republic, accompanied by the Minister for Cultural Heritage and the Mayor of Florence, celebrated the return of the Last Supper to the Cenacle at Santa Croce in Florence, where it once again took up its original position inside the refectory.

This circumstance represented the occasion to emphasize the importance and exceptional nature of this achievement, an extraordinary story of studies, hopes, restoration and technological development which made the return of a masterpiece to the world possible.

4.3 OTHER SPECIAL PROJECTS

Cinema, as a contemporary form of art, has led to creative collaborations of Prada with film directors of international caliber through which numerous films were made, including Thunder Perfect Mind directed by Jordan and Ridley Scott in 2006, A Therapy directed by Roman Polanski in 2012, Castello Cavalcanti by Wes Anderson in 2013 and, last in order of time, Past Forward by the Oscar-winning director David O. Russell in 2016. Miuccia Prada's interest has also resulted in the production of a series of short films - "The Miu Miu Women's Tales" - by directors of international fame with different intellectual backgrounds which explored the world of women.

In November 2016, Prada presented the "Past Forward" multi-platform film project born from a unique collaboration between Miuccia Prada and the American director David O. Russell. In their presence, on November 15, the film was screened for the first time at the new Hauser Wirth & Schimmel Gallery in Los Angeles and in the following two days the film was simultaneously screened for a selected audience in Tokyo, London, Beijing, Moscow, Istanbul, Berlin, Milan, Paris, New York and Sydney.



5. AT ONE WITH THE COMMUNITY



5.1 ENVIRONMENTAL PROTECTION

Environment is one of the interests of the Prada Group, which feels responsible for engaging in and cultivating virtuous behaviors that contribute to its sustainable growth and are examples of good practice within the entire industry.

Commitment to environmental respect is a key element of the Code of Ethics, applied without distinction both within the organization, by constantly raising staff awareness, and to third parties working with the Group.

The main direct impact of the Group's business originates from the use of energy for offices, factories, logistics centers and stores in the various parts of the world. The objective is to reach ever higher levels of energy efficiency and continuously pursue new ways to reduce waste.

5.1.1 ENERGY CONSUMPTION AND CO₂ EMISSIONS

In 2016, the Prada Group recorded electricity consumption of 153,049 MWh, up compared to 2014 (+16%) and slightly down compared to 2015 (-0.3%). However, in the period of 3 years considered, there is a growing trend in gas consumption, which goes from 2,043,513 m³ in 2014 to 2,361,125 m³ in 2016 (+16%). Gasoline and Kerosene fuel consumption, mainly used for fuel (owned and leased), amounted to 1,230,361 liters in 2016, down 12% compared to 2015.

ENERGY CONSUMPTION		2014	2015	2016
GAS ¹	m ³	2,043,513	2,283,624	2,361,125
DIESEL AND KEROSENE	l	1,025,337	1,403,059	1,230,361
ELECTRIC ENERGY ¹	KWh	132,324,893	153,502,779	153,049,412

1. The figures for electricity and gas consumption for 2014 and 2015 are different from those published in the previous edition of the Prada Group's Social Responsibility Report as data and information were made available after its publication.

The CO₂ emissions from electricity, natural gas and fuel consumption are reported in the following table: direct emissions (scope 1), i.e. those deriving from the consumption of natural gas and fuel for vehicles owned, amounted to 5,431 tons, up by 1% from 2015 due primarily to greater fuel consumption; indirect emissions (scope 2) were 75,300 tons, slightly down from 2015; the other indirect emissions (scope 3), relating to the fuel consumption of the leased fleet, amounted to 2,443 tons of CO₂, down 13% from 2015.

CO ₂ EMISSIONS		2014	2015	2016
DIRECT EMISSIONS (scope 1)	ton CO ₂	4,327	5,381	5,431
Buildings	ton CO ₂	3,997	4,464	4,616
Means of transport (owned)	ton CO ₂	329	917	815
ENERGY - INDIRECT EMISSIONS (scope 2)	ton CO ₂	65,104	75,523	75,300
OTHER INDIRECT EMISSIONS MEANS OF TRANSPORT (Leasing) (scope 3)	ton CO ₂	2,403	2,799	2,443

In the past few years, energy consumption controls and testing have been used to design a long-term plan to improve energy efficiency both in the industrial and retail environment.

The initiatives of the plan include:

- development of projects focusing on photovoltaics and evaluation of the installation of cogeneration and/or trigeneration systems;
- gradual replacement of all air conditioners and cooling machines with latest-generation systems;
- a strong campaign to definitively and completely light areas with low-consumption LED bulbs;
- gradual replacement of all heat engines and pumps with ones of a high energy efficiency class;
- gradual installation of inverters on the electric motors that lack them;
- installation of digital multimeters to measure electricity;
- purchasing 100% renewable energy.

The Group also embarked on a new energy policy aimed at maximizing self-generated energy and the new plant in Scandicci is an example of this approach. In 2016 this industrial site consumed around 1,439 MWh annually out of which approximately 1,099 MWh annually were purchased from the network (100% coming from renewable sources) and about 340 MWh annually was self-generated. The remaining part of self-generated energy (76 MWh annually) was put into the network.

FACTORY HEATING AND AIR CONDITIONING SYSTEMS

After replacing the heating and air conditioning equipment at Ancona, Montegranaro, Buresta, Carducci, San Zeno and Amiata factories with new machinery granting a reduction in energy consumption, in 2016 air conditioning was upgraded in the Arezzo and Montone factories. New machineries were then placed on the site of Città di Castello which, after being closed for many years and used as a simple deposit, returned to be a complete production cycle factory for the production of shirts.

In addition to these investments, during the year corrective actions were taken on the remaining equipment to optimize the hours of operation. Personnel training was carried out focusing on appropriate, rational electricity use.

LED

Since 2014 the Group is pursuing an important project to replace store⁶ lighting systems with LED technology ("Relamping" project) which at the end of 2015 already involved 81 stores, mainly in Europe, where most of the Group's historic stores are located, and in North America. Replacement operations continued in 2016 by extending LED lighting to other 34 stores, mainly in China.

In most cases the replacement of light fixtures regarded furnishings and displays with

fluorescent lights, whereas in some stores it also regarded halogen and master color lamps in the ceiling lighting. Approximately 10% direct energy savings were obtained for furnishings and 70% for ceilings. Indirect energy savings result from the reduced heat produced by the lamps, which enables Prada to use less air conditioning in the summer, and from the reduced waste because LED lamps last much longer on average than fluorescent lamps, and in contrast to the latter do not contain any mercury.

LEED (Leadership in Energy and Environmental Design)

In 2016 the Prada Group achieved LEED Gold certification on 7 stores: 6 Prada stores between China, Australia and Switzerland and 1 Miu Miu store in China. The Group estimates to achieve other certifications in 2017.

PHOTOVOLTAIC SYSTEM

During 2016 active photovoltaic plants are as follows:

- Scandicci, active from October 2015, produced about 415 MWh for 2016;
- The first building of the Logistic Hub has been active from March 2017 and will self-produce about 1,490 MWh annually;
- Arezzo plant has been active from March 2017 and will self-produce about 95 MWh annually;
- Arezzo (San Zeno warehouse) has been active from April 2017 and will self-produce about 65 MWh annually.

Further facilities are planned for 2017.

5.1.2 WASTE

The Group recognizes the importance of responsible natural resource use and waste management.

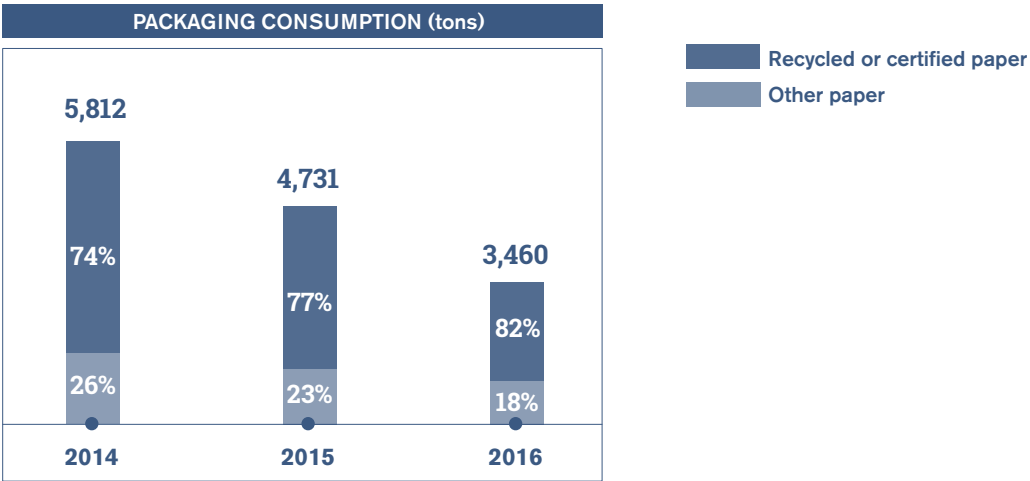
The Company conducted an analysis of the processes carried out and waste produced in each manufacturing phase of the factories, and subsequently set up a system to manage the internal cycle of waste transport, collection, temporary storage and disposal. The analysis enabled to optimize the available resources, thereby reducing waste production and increasing waste recycling. Moreover, the new procedures implemented enabled the Prada Group to recycle more paper, plastic, glass and printer cartridges not just at the factories but also at the Group's offices.

Since 2016, the Prada Group has further focused on promoting internal industrial waste collection methods and standards that can ensure their reuse and recycling or disposal in accordance with the best practices. The main materials involved are paper, cardboard, plastic and wood.

⁶ The "Relamping" project refers to the stores opened before 2013, as those that were inaugurated afterward already used LED lighting systems.

5.1.3 USE OF RECYCLED AND CERTIFIED PAPER

In 2016 the Prada Group used 3,460 tons of material to package products worldwide, down by 27% from 2015 mainly as a result of the reduction of the volumes and the rationalizing and optimizing of the packaging used for certain types of products.



The use of paper certified by the Forest Stewardship Council (FSC) and of recycled paper in packaging grew by 5% in 2016, from 77% to 82% of the total.

5.2 PRESERVATION OF THE TERRITORY

The respect for the places where its operations are located has been a guiding principle for the Prada Group since its beginnings. Reducing land take, renovating existing structures and working toward building requalification have inspired the decisions made in more than thirty years of the industrial development.

The Prada Group, in agreement with local authorities and the Superintendence of Artistic and Cultural Heritage, has directed its utmost efforts and abilities toward recovering what had previously existed.

With the belief that new construction can impact an area considerably, and that such a decision must be taken only when necessary, the Prada Group prefers to purchase and salvage existing buildings. Even in the case that this option is unavailable, the Group ensures that the construction work planned does not take the land, but rather builds the landscape, with the help of master architects that it is used to work with. Indeed, the few newly constructed buildings fit harmoniously into the local areas, without causing disruption.



The Prada Group has more than 192,000 m² of production facilities and warehouse space, including 175,000 m² in Italy. Among these, 4 are new buildings, 3 are recoveries of industrial archaeology and several are the cases of reuse of degraded sites abandoned for many years. In details, 4 of the most important projects in the industrial area were assigned to architect Guido Canali, master in Italy of a sustainable architecture.

5.2.1 VALORIZATION IN THE INDUSTRIAL DEVELOPMENT

Last year a three-year investment plan started to re-qualify and reorganize the Group's manufacturing structure in order to preserve artisanal know-how, support the technical development of production processes and improve the quality of work environments. Specifically, in 2015 the Group finalized the restructuring of the laboratories in Terranuova, the construction of a mechanized plant in Levanella and a cutting center at Valvigna, the complete renovation of the new plant in Scandicci, the renovation of two factories near Siena and Arezzo, the renovation of a warehouse near Arezzo and the acquisition of a tannery in France.

During 2016 the projects continued and are reported below.

INDUSTRIAL SITE: CITTA' DI CASTELLO (PERUGIA), ITALY

In May 2016 the industrial site in Città di Castello, which incorporates all stages of the design and production of men's shirts, reopened following major renovation and restructuring work.

Acquired in 2001, after being a simple supplier and partner for many years, the plant, which boasts a long tradition and offers the very highest quality, has been developed to increase its production capacity for the Made-To-Measure demand, and expanded to cover an area of over 2,000 m².

Space rationalization also allowed optimizing production processes, creating an efficient and dynamic flow. The whole structure has also been upgraded both in indoor and outdoor spaces.

At January 31, 2017 the factory employed 50 shirt-making specialists.

INDUSTRIAL SITE: MONTONE (PERUGIA), ITALY

In November 2016, the major renovation of Prada's historic plant in Montone, central Italy, which specialized in producing men's trousers, was completed. Built on a total 10,000 m² site, the trouser factory has a floor space of 2,900 m².

The recent work involved all areas of the plant and has significantly improved its inside spaces, restructuring workflows and optimizing the manufacturing processes. At January 31, 2017 the factory had a total of 50 employees.



INDUSTRIAL SITE: AREZZO, ITALY

This historic plant, founded in the 1960s by Patrizio Bertelli under the name 'Sir Robert', has recently undergone major restructuring work with alterations made to the logistics, technology and production. The work was completed in September 2016. The project involved the entire 1,600 m² complex, and focused on modernizing the cutting machinery, introducing LED lighting and energy-efficient air conditioning, as well as updating the furnishings and completely relaying the floor.

Operations have also been made more efficient, with production now dedicated exclusively to sampling and to the production of belts - the plant's historic specialism - and small leather goods.

At January 31, 2017 the plant employed 30 people.



In addition to the above-mentioned projects, in 2016 the Prada Group continued the renovation of a warehouse in Arezzo, completed the renovation of the Scandicci plant, launched the ambitious reorganization of its logistics (see next paragraph for more information) and acquired 3 production sites within the broader vertical integration strategy and consequent shortening of its value creation chain.

In 2016 the design of the Prada Headquarters – located in Valvigna, Arezzo, Tuscany – by architect Guido Canali has been awarded the “Brand&Landscape Award 2016”, promoted by the National Council of Architects, Planners, Landscape Architects and Conservators and the international magazine PAYSAGE TOPSCAPE. The jury noted the industrial complex’s “special quality in the relationship between corporate image and landscape design that promotes harmony and development in the working environment. Indeed, the work expresses equal respect for nature, which is looked after and preserved, as it does for work, with both afforded dignity and value”.

5.2.2 LOGISTIC HUB

The new 102,000 m² logistics hub in Levanella (outside Arezzo) was designed by renowned industrial architect Guido Canali, who also designed Prada's headquarters in Valvigna and its shoe factories in Buresta and Montegranaro.

The hub is part of a major plan to reorganize the warehousing and distribution of finished products, which will ultimately allow the Group to have the control over all phases of the logistics process.

The complex initially include the realization of two warehouses, an office building and an employee cafeteria, as well as equipment and service rooms, for a total indoor area of 28,000 m². If needed, a third structure may be built in the future.

Like all of Canali's designs, the complex is environmentally friendly, worker friendly, and responsibly integrated into the community thanks to border plantings, roof gardens, water features, picture windows and nature paths. Green areas cover more than 70% of the total surface of this facility.

The complex has been designed with the following energy-efficiency features:

- solar roof panels (expected to generate some 561 MWh/year);
- LED lighting;
- energy-saving smart home system;
- low-loss transformers;
- high-efficiency generators;
- geothermal plant.

Construction began in February 2016 and reached the completion of Phase 1 during the year. The first of the two warehouses that has been realized has a surface area of 11,000 m² and is already open for shipping (5,500 m²) and services (300 m²).

6. NOTES ON THE METHODOLOGY



6.1 THE MATERIAL ASPECTS IDENTIFICATION

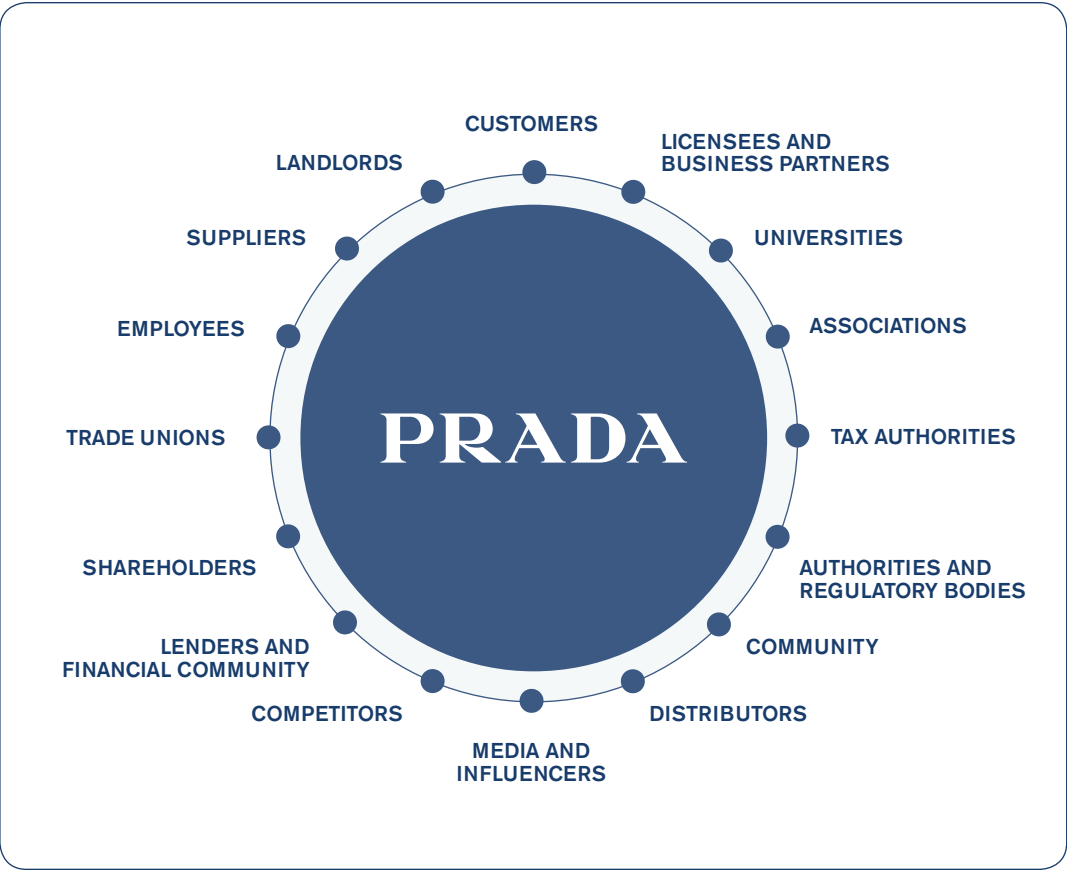
THE PRADA GROUP'S STAKEHOLDERS

In conducting its business the Prada Group interacts with many stakeholders, all of which can directly or indirectly influence or be influenced by the achievement of business objectives.

After mapping our stakeholders from beginning to end of the value chain, the Group determined which are most important on the basis of their:

- influence on Prada: ability to affect the company's strategic or operational decisions;
- dependence on Prada: extent to which the stakeholders depends on the company's decisions, products and activities.

This process identified many key stakeholders in the following categories:



To identify the material aspects that favor the achievement of long-term goals – which for the Prada Group consist of business growth with continuous improvement in product quality and work organization - while satisfying the interests of our

stakeholders, Prada gathered perspectives from the various department heads who interact with stakeholders on a daily basis. Together with the materiality analysis (please refer to the following paragraph), this helped determine the sustainability issues of relevance both for the Company and its stakeholders.

MATERIALITY ANALYSIS

The Prada Group has written the 2016 Social Responsibility Report according to the latest sustainability reporting guidelines of the Global Reporting Initiative (GRI-G4). Moreover, this year, for the preparation of the Report, the Group also followed the "ESG Reporting Guide" of the Hong Kong Stock Exchange.

The depth and detail given to the various topics reflect the outcome of a materiality analysis carried out in the last months of 2015: a process of identifying, evaluating and ranking the sustainability aspects that are relevant to our stakeholders and that influence our ability to create value in the short, medium and long-term.

The materiality analysis is a two-phase process that involves:

1. Identifying sustainability issues: determining which issues are key to understanding Prada's business and strategic context and to describing its main environmental, economic and social impacts;
2. Ranking: putting these aspects in order on the basis of their relevance for achieving business goals (internal materiality) and concern to stakeholders (external materiality).

A comprehensive list of sustainability issues for the Prada Group was identified by:

- mapping the key stakeholders and analyzing their concerns;
- performing a benchmark analysis against Italian and international fashion and luxury firms, producing a list of the most common sustainability issues in the industry;
- conducting a press review to present the perception of public opinion for each sustainability issue. The analysis was performed so that each issue could also be assessed in terms of its impact outside the company;
- reviewing internal documents (Annual Report, Code of Ethics, policies and procedures) to understand the business point of view with respect to various sustainability issues;
- analyzing the sustainability issues included in the GRI-G4 guidelines.

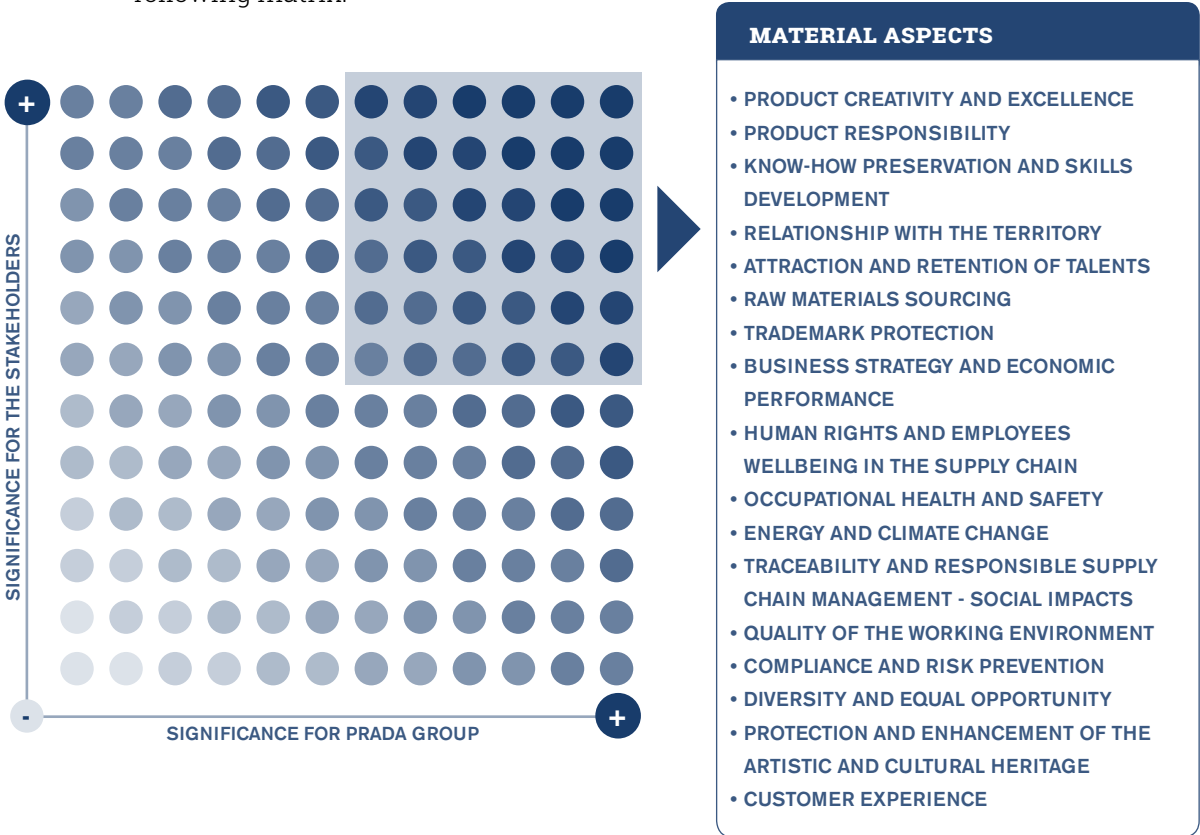
Once sustainability issues were defined, they were ranked for materiality so that the more significant of them would be included in this report. This was achieved by interviewing key department heads, who assigned priority rankings to the issues according to their significance for Prada and its stakeholders.

In accordance with the GRI-G4 guidelines, the aspects were ranked in terms of their impact both within and outside the organization, i.e. extending the analysis to the entire value chain.

The input from the department heads was then integrated with other criteria from outside the management team's perspective. In particular:

- internal materiality was also assessed considering the Prada Group's commitment to the individual issues and their impact on its various forms of "capital", as defined in the Integrated Reporting (financial, manufactured, natural, human, intellectual and social and relationship capital);
- in assessing external materiality (significance for stakeholders), the analysis focused on the various aspects relevant to the Prada Group's specific sector.

The material aspects for the Prada Group were defined as the intersection of significance for the Company and significance for the stakeholders, as shown in the following matrix.



Of the more notable results:

- the most significant aspect proved to be product creativity and excellence, which demonstrates the fundamental importance—for the Group and its stakeholders alike—of the high standards of quality and style that accompany Prada merchandise along the entire value chain;
- aspects relating to long-term value creation are among the most significant (business strategy and economic performance, trademark protection), as is the management of human capital (know-how preservation and skills development, quality of the working environment, attraction and retention of talent) and the customer experience;
- aspects associated with the production process and its impact throughout the supply chain are the most important for stakeholders (product responsibility, human rights and employee well-being along the supply chain, occupational health and safety, raw materials sourcing, traceability and responsible supply chain management).

The above mentioned material aspects have been also confirmed for the 2016 financial period to which this report refers.

Based on the current coverage of the GRI's General Standard Disclosures and Specific Standard Disclosures related to material aspects, we have chosen to implement the GRI-G4 standard using the "In accordance - Core" option. References to the Hong Kong Stock Exchange's ESG Reporting Guide (Main Board Listing Rules - Appendix 27) are listed in the Content Index⁷ (page 50).

The following table sets forth the material aspects defined in the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Standard Specific Disclosures): it reports the material aspects for Prada with the related aspect boundaries and any limitations regarding non-extension of the disclosures to outside the organization.

GRI - G4 MATERIAL ASPECTS	ASPECT BOUNDARIES		ASPECT BOUNDARIES LIMITATION	
	WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION	WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION
Economic Performance	Group	-	-	-
Procurement practices	Group	-	-	-
Materials	Group	-	-	-
Emissions	Group	Independent clients (*) and Suppliers	-	Not extended to Independent clients (*) and Suppliers
Energy	Group	Independent clients (*) and Suppliers	-	Not extended to Independent clients (*) and Suppliers
Employment	Group	-	-	-
Diversity and equal opportunity	Group	-	-	-
Equal remuneration for women and men	Group	-	-	-
Training and education	Group	Industrial Suppliers	-	Not extended to Industrial Suppliers
Occupational health and safety	Group	Independent clients (*) and Suppliers	-	Not extended to Independent clients (*) and Suppliers
Supplier assessment for labor practices	Group	-	-	-
Supplier human rights assessment	Group	-	-	-
Non - discrimination	-	Industrial Suppliers	-	Not extended to Industrial Suppliers
Freedom of association and collective bargaining	-	Industrial Suppliers	-	Not extended to Industrial Suppliers
Child labor	-	Industrial Suppliers	-	Not extended to Industrial Suppliers
Forced or compulsory labor	-	Industrial Suppliers	-	Not extended to Industrial Suppliers
Compliance - product responsibility	Group	-	-	-
Product and service labelling	Group	-	-	-
Customer health and safety	Group	-	-	-
Compliance - society	Group	-	-	-

⁷ No reference to General Disclosure A3 - the Environment and Natural Resources - of the ESG Reporting Guide of the Hong Kong Stock Exchange as, currently, this topic has not been classified as material for the Organization according to GRI - G4 materiality assessment.

(*) Independent clients mean Department stores, multi-brand stores and Franchisees



6.2 THE REPORTING PROCESS

SCOPE

This document is the Prada Group's fourth Social Responsibility Report and provides a description of the main initiatives undertaken in fiscal year 2016, i.e. from February 1, 2016, to January 31, 2017, and the 2014-2016 performance trends; particularly significant initiatives and events of fiscal year 2017 already known at the reporting date are also included (see pages 26 and 42).

The performance indicators were obtained on an annual basis; the reporting cycle is annual. The reporting boundary is the perimeter referred to in the 2016 Annual Report, i.e. Prada spa and its subsidiaries, excluding the data specified in the text.

Prada spa, together with its subsidiaries collectively the "Prada Group", is a joint-stock company incorporated and domiciled in Italy with headquarters in Via Antonio Fogazzaro 28, 20135 Milan, whose share capital is 80%-owned by Prada Holding spa, a company domiciled in Italy, while the remaining shares (20%) are listed on the Main Board of the Hong Kong Stock Exchange.

PRINCIPLES FOR ENSURING SUSTAINABILITY REPORTING QUALITY

This document was drawn up with the purpose of reporting both the successful aspects and the weaknesses of the Prada Group, with a view toward prospective improvement. The information and indicators included aim to provide a balanced portrayal of the Group's sustainability performance and initiatives.

The process of reporting, collecting and aggregating the data was structured with the ultimate purpose of enabling stakeholders to compare and comprehend fully the information contained herein.

CALCULATION METHODOLOGY

The Prada Group involved all corporate functions and engaged Ernst & Young Italy's Climate Change and Sustainability Service team to determine the contents of the sustainability report.

With respect to the calculation methodology:

- the injury rate is the ratio between the total number of hours lost due to injuries and the total number of working hours;
- where environmental data was unavailable, conservative estimates were used that resulted in choosing assumptions associated with the least positive environmental performance for the Company;
- greenhouse gas emissions were calculated using the following emission factors:
 - emissions scope 1: emission factors taken from the list of Italian standard parameters published by the Ministry of Environment and Protection of Land and Sea;
 - emissions scope 2: emission factors taken from the Terna International Comparison on 2014 Enerdata data;
 - emissions scope 3: emission factor taken from the list of Italian standard parameters published by the Ministry of Environment and Protection of Land and Sea.

Finally, carbon dioxide is the only greenhouse gas considered.

The 2014 and 2015 data may differ slightly from the data published in the 2014/2015 Social Responsibility Reports due to the aggregation of data that became available after such Reports were published. For the same reason, the 2016 data reflects the best possible estimate using the data available when the 2016 Social Responsibility Report was published.

7. GRI CONTENT INDEX FOR “IN ACCORDANCE” CORE OPTION

INDICATOR	REFERENCES TO HKEX ESG REPORTING GUIDE	DESCRIPTION	REFERENCES	OMISSIONS
GENERAL STANDARD DISCLOSURE				
STRATEGY AND ANALYSIS				
G4-1		Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy	Pag. 3	
ORGANIZATIONAL PROFILE				
G4-3		Name of organization	Pag. 49	
G4-4		Primary brands, products and/or services	Pag. 4; 9-11; 20-24	
G4-5		Location of the organization's headquarters	Pag. 49	
G4-6		Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the Social Responsibility Report	Pag. 4; 16-18	
G4-7		Nature of ownership and legal form	Pag. 49	
G4-8		Markets served	Pag. 4; 9-11	
G4-9		Scale of the organization	Pag. 9; 11-12; 16; 28; 32	
G4-10	KPI B1.1	Total number of employees by employment contract, employment type, region and gender	Pag. 9; 32-33; 34-35	
G4-11		Percentage of total employees covered by collective bargaining agreements	Pag. 33	
G4-12	KPI B5.1	Describe the organization's supply chain (number of suppliers, volumes and sourcing markets)	Pag. 9-11; 16-18	
G4-13		Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Pag. 4; 8; 49	
G4-14		Explanation of whether and how the precautionary approach or principle is addressed by the organization	Pag. 15	
G4-15		Externally developed economic, social and environmental codes of conduct, principles and charters to which the organization subscribes or which it endorses	Pag. 13; 19	
G4-16		Memberships of national and/or international trade associations	The Group's main partnerships are with: Assonime, Camera Nazionale della Moda Italiana, Assolombarda and Confindustria Toscana	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17		List of all entities included in the consolidated financial statements and those not covered by the Social Responsibility Report	Pag. 49	
G4-18		Explanation of the process for defining the report content and how the organization has implemented the related reporting principles	Pag. 46-48	
G4-19		List of all the material aspects identified	Pag. 47-48	
G4-20		Aspect boundary within the organization for each material aspect	Pag. 47-48	
G4-21		Aspect boundary outside the organization for each material aspect	Pag. 47-48	
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Pag. 49	
G4-23		Significant changes in the scope and aspect boundaries	Pag. 4; 8; 41; 49	

INDICATOR	REFERENCES TO HKEX ESG REPORTING GUIDE	DESCRIPTION	REFERENCES	OMISSIONS
STAKEHOLDER ENGAGEMENT				
G4-24		List of stakeholders groups engaged by the organization	Pag. 46	
G4-25		Basis for identification and selection of stakeholders with whom to engage	Pag. 46-47	
G4-26		Approach to stakeholders engagement	Pag. 46-48	
G4-27		Key topics and concerns that have been raised through stakeholders engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Pag. 46-48	
REPORT PROFILE				
G4-28		Reporting period for information provided	Pag. 49	
G4-29		Date of most recent previous Social Responsibility Report	Pag. 49	
G4-30		Reporting cycle	Pag. 49	
G4-31		Contact points and useful information for questions regarding the Social Responsibility Report and its contents	Pag. 52	
G4-32		Choice of "in accordance" option and GRI Content Index for the chosen option	Pag. 50-52	
G4-33		Policy and current practice with regard to seeking external assurance for the report	Pag. 49 This document is not submitted to external assurance	
GOVERNANCE				
G4-34		Governance structure of the organization, including committees of the highest governance body Committees responsible for decision-making on economic, environmental and social impacts	Pag. 13-15	
ETHICS AND INTEGRITY				
G4-56		Internally developed mission, values, codes of conduct, significant principles for the economic, environmental and social performance, and progress of their implementation	Pag. 13	

MATERIAL ASPECTS

INDICATOR	REFERENCES TO HKEX ESG REPORTING GUIDE	DESCRIPTION	REFERENCES	OMISSIONS
SPECIFIC STANDARD DISCLOSURES				
ECONOMIC PERFORMANCE INDICATORS				
ECONOMIC PERFORMANCE				
G4-DMA	G.D. B8	Disclosures on Management Approach	Pag. 11-12; 37-40	
G4-EC1	KPI B8.2	Direct economic value generated and distributed	Pag. 12	
PROCUREMENT PRACTICES				
G4-DMA		Disclosures on Management Approach	Pag. 9-11; 18	
G4-EC9	KPI B5.1	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation	Pag. 18	
ENVIRONMENTAL PERFORMANCE INDICATORS				
RAW MATERIALS				
G4-DMA	G.D. A2	Disclosures on Management Approach	Pag. 16-18; 42-43	
G4- EN1	KPI A2.5	Total weight or volume of raw materials used	Pag. 17; 43	
ENERGY				
G4-DMA	G.D. A2	Disclosures on Management Approach	Pag. 41-45	
G4-EN3	KPI A2.1	Energy consumption within the organization	Pag. 41	
G4-EN6	KPI A2.3	Reduction of energy consumption	Pag. 41	
EMISSIONS				
G4-DMA	G.D. A1	Disclosures on Management Approach	Pag. 41-45	
G4-EN15	KPI A1.1 KPI A1.2	Direct greenhouse gas emissions (scope 1)	Pag. 41	
G4-EN16	KPI A1.1 KPI A1.2	Energy indirect greenhouse gas emissions (scope 2)	Pag. 41	
G4-EN17	KPI A1.1 KPI A1.2	Other indirect greenhouse gas emissions (scope 3)	Pag. 41	
SOCIAL PERFORMANCE INDICATORS				
LABOR PRACTICES				
EMPLOYMENT				
G4-DMA	G.D. B1	Disclosures on Management Approach	Pag. 32-35	
G4-LA2	G.D. B1	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pag. 33-34	
OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	G.D. B2 KPI B2.3	Disclosures on Management Approach	Pag. 35-36	
G4-LA5	KPI B2.3	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Pag. 35	
G4-LA6	KPI B2.1 KPI B2.2	Rate of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	Pag. 35	

INDICATOR	REFERENCES TO HKEX ESG REPORTING GUIDE	DESCRIPTION	REFERENCES	OMISSIONS
TRAINING AND EDUCATION				
G4-DMA	G.D. B3	Disclosures on Management Approach	Pag. 26-27	
G4-LA9	KPI B3.1 KPI B3.2	Average hours of training per year per employee, by employee category and by gender	Pag. 27	At the moment the information on the average number of training hours by category is not available. Prada is committed to collect the information for the future.
DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	G.D. B1	Disclosures on Management Approach	Pag. 13-15; 32-35	
G4-LA12	KPI B1.1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Pag. 14-15; 33-35.	
EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA	G.D. B1	Disclosures on Management Approach	Pag. 34-35	
G4-LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Pag. 35	
SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-DMA	G.D. B5 KPI B5.2	Disclosures on Management Approach	Pag. 18-19; 36	
G4-LA14	KPI B5.2	Percentage of new suppliers that were screened using labor practices criteria	In 2016 the Prada Group started to renew a procedure to qualify and evaluate its suppliers according to criteria including work practices. At the moment the number of suppliers that have been evaluated is not available.	
HUMAN RIGHTS				
NON-DISCRIMINATION				
G4-DMA		Disclosures on Management Approach	Pag. 13; 18; 35-36	
G4-HR3		Total number of incidents of discrimination and corrective actions taken	At this time the information needed to cover the indicator (aspect boundary outside the organization) is unavailable	
FREEDOM OF ASSOCIATION				
G4-DMA		Disclosures on Management Approach	Pag. 13; 18; 35-36	
G4-HR4		Operations and main suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	At this time the information needed to cover the indicator (aspect boundary outside the organization) is unavailable	

INDICATOR	REFERENCES TO HKEX ESG REPORTING GUIDE	DESCRIPTION	REFERENCES	OMISSIONS
CHILD LABOR				
G4-DMA	G.D. B4 KPI B4.1 KPI B4.2	Disclosures on Management Approach	Pag. 13; 18; 35-36	
G4-HR5	KPI B4.1 KPI B4.2	Operations and main suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	At this time the information needed to cover the indicator (aspect boundary outside the organization) is unavailable	
FORCED OR COMPULSORY LABOR				
G4-DMA	G.D. B4 KPI B4.1 KPI B4.2	Disclosures on Management Approach	Pag. 13; 18; 35-36	
G4-HR6	KPI B4.1 KPI B4.2	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to their elimination	For the 2016 fiscal period the Prada Group published its first statement in accordance with UK MSA – Modern Slavery Act – committing to the management and control the risk of forced labour, human trafficking and slavery along its supply chain. Currently the information needed to satisfy the indicator (outside the organization) are not available.	
SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	G.D. B5 KPI B5.2	Disclosures on Management Approach	Pag. 18; 35-36	
G4- HR10	KPI B5.2	Percentage of new suppliers that were screened using human rights criteria	In 2016 the Prada Group started to renew a procedure to qualify and evaluate its suppliers according to criteria including work practices. At the moment the number of suppliers that have been evaluated is not available.	
SOCIETY				
COMPLIANCE				
G4-DMA		Disclosures on Management Approach	Pag. 15	
G4-SO8	G.D. B1 G.D. B2 G.D. B4 G.D. B7	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Pag. 15	
PRODUCT RESPONSIBILITY				
CONSUMER HEALTH AND SAFETY				
G4-DMA	G.D. B6	Disclosures on Management Approach	Pag. 19	
G4-PR2	G.D. B6	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Pag. 19	
PRODUCT AND SERVICE LABELING				
G4-DMA	G.D. B6	Disclosures on Management Approach	Pag. 19	
G4-PR4	G.D. B6	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Pag. 19	
COMPLIANCE				
G4-DMA		Disclosures on Management Approach	Pag. 19	
G4-PR9	G.D. B6	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Pag. 19	

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CREDITS

Cover/Back cover: Guests attending Prada Men's Spring/Summer 2010 Fashion Show

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Pag. 3: Prada craftsman ready to cut the skin. Ph. credit Birgitte Lacombe / Courtesy Prada

Pag. 4: Historic Prada store in Galleria Vittorio Emanuele II Milan.

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Pag. 5: A brief history of Prada.

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(right) Goshka Macuga: To the Son of Man Who Ate the Scroll, 2016

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