

THE PRADA GROUP MODERN SLAVERY STATEMENT

for financial period 2017

INTRODUCTION

This document was approved by the Board of Directors of Prada S.p.A. on May 23, 2018 and describes the measures taken by the Prada Group (hereinafter also "the Group" or "Prada") to ensure, as required by the UK "Modern Slavery Act 2015 - Section 54", the absence of any form of "modern slavery, forced labor and human trafficking" within its organization and outside along its own supply chain. The content of this statement refers to the 11 months fiscal year ended December 31, 2017.

THE PRADA GROUP

The Prada Group operates in the luxury goods industry with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the eyewear and fragrance industries under specific licensing agreements and, with the acquisition of Pasticceria Marchesi 1824, has made its entry into the food sector. As of December 31, 2017, the Group's products are sold in 70 countries around the world through 625 directly operated stores and a select network of department stores, independent retailers, franchise stores and on-line distributors (e-tailers) operating in the high-end market segment.

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

THE SUPPLY CHAIN

The Group's business model is based on a value chain that combines production process technologies with artisanal skills.

The production of the Group is entrusted to 21 manufacturing facilities located in

Europe (18 of them in Italy) and to a network of external producers carefully selected for their craftsmanship, quality and reliability. All stages of the production process are directly managed and controlled: from the choice to purchasing materials, even for external suppliers, to the coordination of internal and external production. This integration between the manufacturing cycle phases enables the Group to translate its innovative fashion concepts into commercial products while maintaining productive flexibility and technical control over know-how as well as quality and ethical standards throughout the supply chain.

Since the start of the Group, almost all prototypes and models have been realized within the Company, as well as an ever-increasing part of production. In recent years, the Group has made important investments to further strengthen the industrial division and to reinforce the control over the value chain. This was achieved by internalizing an additional number of production processes, particularly the more technically complex ones, through the realization of new production sites or the acquisition of the control of manufacturing companies formerly suppliers of the Group. This internalization process has led to an increase in the workforce of over 450 units in three years (from 2,114 units in 2015 to 2,570 in 2017), extending to the new employees the high quality standards assured by the Group.

In 2017, the Group collaborated with about 930¹ raw materials and semi-manufactured products suppliers. About 52% of them have worked with Prada for more than 10 years and 80% are Italian suppliers; the percentage rises to about 90% if the European Union area is considered. The remaining part is mainly represented by Asian suppliers and out of these, the two main ones are international operators, also listed on the Hong Kong Stock Exchange, with whom the Group has been working since about 10 years. A key part of the strategy is to establish long-term relationships with suppliers in order to develop a relationship of mutual trust and transparency.

The supply chain of the Prada Group is completed with operators not related to the

1. To the end of this analysis, only suppliers that worked with the Group in 2017 totaling transactions higher than Euro 30 thousand were taken into account.

production cycle, among which - quoted for materiality - the suppliers of commercial spaces, logistic services, media spaces, and services providers located in the countries in which the Group operates with its retail activities. Generally, these suppliers are represented by large and primary companies.

The Prada Group believes that the risk of modern slavery within its organization is almost non-existent, while it deemed that same risk as overall low along its industrial supply chain. The geographic location of the suppliers selected by the Group, as well as the profound knowledge of the same in term of duration and quality of the established partnerships, reduces the possibility that conditions or pre-conditions exist such as to constitute risks of modern slavery, forced labor and human trafficking.

POLICIES AND ETHICAL PRINCIPLES

The Board of Directors considers respect for ethical principles to be the foundation of the enterprise's success and represents an important expression of its image and reputation. The Prada Group operates in:

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

Since 2007, these principles have been given formal expression in the PRADA Group's Code of Ethics (<https://www.pradagroup.com/en/group/social-responsibility.html>). 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 of Ethics is promoted internally through the publication of the document on the corporate intranet, by its distribution to the new collaborators as well as being the base of business relationships with all suppliers.

RISK ASSESSMENT AND DUE DILIGENCE

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

Within this framework, the Prada Group has adopted the "Group's qualified vendor list" procedure to redefine the responsibilities and operational behaviors required to evaluate ethical, technical and economical reliability. Specifically for ethical issues, the accreditation and maintenance of a supplier's qualification are based on the collection of documents, attestations and self-certifications that ensure compliance with the law on remuneration, social security, taxation, health and safety, the environment, privacy and the governance model. Finally, the signing of the Code of Ethics is a fundamental prerequisite for working with Prada.

This information is subject to periodic updates and systematic checks to ensure veracity and consistency. Such controls, conducted by purchasing structures or business areas focused on various topics, are carried out on a sample basis or when a problem is encountered. The procedure may include further inquiries in the case of doubt or lack of self-certification of compliance with labor, safety in the workplace and social security contribution laws. This type of control is coupled with visits by industrial divisions to suppliers (almost daily for the most important ones) which, apart from ensuring compliance with technical and commercial agreements, provide additional comfort regarding working conditions. In the case of non-compliance that can be remedied, the supplier may be temporarily suspended, while for more serious cases of non-compliance with ethical, technical and economical requirements, the contract may be terminated immediately. Together with the Qualified Vendor List procedure, there is also the Purchasing Procedure which, by requiring additional checks and responsibility's assumptions in order to start and continue a collaboration relationship, further reduces the risk of default.

The application of this procedure, which was the subject of a major overhaul in 2016, was launched in early 2017 with suppliers operating in the industrial area of the parent company (representing about 80% of manufacturing collaborations). As at December 31, 2017, on a portion of just under 2/3 of the suppliers, the checks requested by the Qualified Vendor List procedure were completed to ensure regularity on issues related to social responsibility. The extension of coverage to the remaining part is currently underway and the management is confident of increasing it in the short-term.

During the period of application of the procedure, no cases of non-compliance emerged which led to the suspension of the collaboration relationship.

OUTLOOK

For the Prada Group acting responsibly means directing economic results towards a more sustainable development, considering the impact of its activities both inside and outside the organization. Respect for human rights, a value at the base of the Group's activities and firmly stated in the Code of Ethics, is integrated into daily operations and relations through a shared approach with commercial partners and an adequate system of internal procedures. In particular, as far as the supply chain is concerned, the Group is committed to the application of the aforementioned Qualified Vendor List procedure, as well as its gradual extension and updating.

By Order of the Board

Prada S.p.A.
Carlo Mazzi
Chairman

Milan (Italy), May 23, 2018