

**TERMS OF REFERENCE OF THE  
REMUNERATION COMMITTEE**

**Article 1**

**Preamble**

These terms of reference govern the establishment, operation and functions of the committee for the remuneration of executive directors and senior management (the "Committee") of Prada S.p.A. (the "Company").

**Article 2**

**Establishment**

1. The Committee was established by resolution of the Board of Directors of the Company on 18.12.2007.
2. The Committee is composed of not more than three directors, all chosen from among the non-executive members of the Board of Directors of the Company, the majority of whom shall be independent. The term of the mandate shall be determined from time to time by the Board of Directors or, where no such determination is made, shall coincide with the term of office of the Board of Directors. Premature cessation, for any reason, of the Board of Directors shall result in the immediate forfeiture of the Committee's mandate.
3. The Committee shall elect a Chairman from among its members who possesses the requirements of independence. The Chairman shall have the task of coordinating and planning the activities of the Committee and guiding the progress of its meetings.
4. In the event that, for any reason, one or more members of the Committee ceases to hold office, the Board of Directors of the Company shall replace them in accordance with the provisions of the preceding paragraphs.

**Article 3**

**Meetings and Resolutions**

1. Committee meetings shall be convened by the Chairman or one of its members, as required and in all cases at least once per year, in the place indicated by the Chairman in an appropriate notification sent to all members.

2. The notice of meeting, to be sent at least three business days prior to the date of the meeting, shall indicate the place, day and time of the meeting, together with the agenda. A copy of the notice is sent by the Corporate Secretary to the Chairman of the Board of Statutory Auditors.
3. Meetings of the Committee may be held by audio or video conference, provided that all participants can be identified, are able to follow the discussion, are able to participate in real time deliberations on the business of the meeting and are able review documents in real time.
4. Committee meetings shall be chaired by the Chairman or, in the event of the latter's absence or impediment, by the most senior member.
5. The presence of a majority of incumbent members is necessary in order for meetings to be validly constituted.  
Resolutions shall be adopted by an absolute majority of votes. In the event of a tied vote, the vote of the chairman of the meeting shall prevail. Votes cannot be cast by proxy.
6. Minutes shall be kept of Committee meetings which, once transcribed into the book kept by the Chairman, shall be signed by the person chairing the meeting and by the secretary, appointed as required, including from persons who are not members of the Committee. Meetings shall be deemed to be held in the place where the Chairman of the meeting is present. The minutes shall be sent to the members of the Committee.

#### **Article 4**

##### **Functions, objectives and duties**

1. In the performance of its functions, the Committee shall have the right to access Company information and offices as necessary to perform its duties.
2. The Committee may avail itself of the services of independent consultants provided that they are adequately bound by to the necessary confidentiality.
3. The Company shall provide the Committee with sufficient financial resources to perform its duties, within the limits of the budget approved by the Board of Directors of the Company.

The Committee is entrusted with the task of:

- formulating proposals for the Board of Directors with regard to the policy and structure of remuneration for directors and executives with strategic responsibilities,

together with proposals for the establishment of a transparent procedure for the development of the remuneration policy and monitoring the implementation of the decisions taken by the Board

- reviewing and approving proposals for the remuneration of executives with strategic responsibilities, with reference to the objectives and purpose defined by the Board of Directors
- formulating proposals for the Board of Directors concerning overall remuneration (expressly including benefits, pension arrangements and other allowances) of executive directors and executives with strategic responsibilities. In the case of proposals for executive directors, the Committee must also consult the Chairman of the Board of Directors and/or the Chief Executive Officer
- formulating proposals for the Board of Directors regarding the remuneration of non-executive directors
- defining and approving the allowances to be paid to directors and executives with strategic responsibilities on the termination of their appointment, also ensuring that such allowances are congruent with contractual provisions governing the relevant appointment and in all cases are appropriate and not excessive for the Company
- defining and approving agreements for revocation of appointments or the resignation of a Director due to negligent behaviour, ensuring in all cases that such agreements are congruent with contractual provisions governing the relevant appointment and are reasonable and appropriate for the Company
- considering the remuneration paid by companies with the same characteristics as the Company, as well as the terms of the contracts, responsibilities and working hours applied in companies of the same Group
- ensuring that each Director or other person connected to them are not involved in decisions relating to their remuneration
- assisting the Executive Directors in the formulation and definition of any incentive schemes or share allotments to be submitted to the Board of Directors for approval
- providing assessments on particular and specific remunerative issues for which the Executive Directors require an examination by the Committee.

4. The Committee shall report to the Board of Directors on all of its activities at least annually.

#### **Article 5**

#### **Final provisions**

These terms of reference shall be available to members of the Board of Directors and the Board of Statutory Auditors at the registered office of the Company and at the place where the Committee is convened and published on the websites of the Company and of the Hong Kong Stock Exchange.

Any amendment to this Code must be adopted by resolution of the Board of Directors of the Company.

29 March 2012