

THE PRADA GROUP MODERN SLAVERY STATEMENT - FINANCIAL PERIOD 2018 -

INTRODUCTION

This document was approved by the Board of Directors of Prada S.p.A. on May 16, 2019 and describes the measures taken by the Prada Group (hereinafter also "the Group" or "Prada") to ensure, as required by the UK "Modern Slavery Act 2015 - Section 54", the absence of any form of "modern slavery, forced labor and human trafficking" within its organization and along its supply chain. The content of this statement refers to the fiscal year ended December 31, 2018.

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, 2018, the Group's products are sold in 70 countries around the world through 634 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 artisanal skills with production process technologies.

The production of the Group is entrusted to 22 manufacturing facilities located in Europe (19 of them in Italy) and to a network of external producers carefully selected for their craftsmanship, quality and reliability. All stages of the production process are controlled by Prada technicians in order to ensure, in addition to quality standards of the products, also the correctness throughout the supply chain.

The vast majority of the prototypes and samples, as well as a part of the finished products and the most delicate phases of production, such as the controls over all raw materials and product accessories (also for suppliers) and the cutting of hides, are produced at the Group's own facilities. In recent years, the Group has made important investments to further strengthen the internal 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; in particular it is worth mentioning that the Group's production sites were 12 up to 5 years ago while now they are 22.

In 2018, the Group collaborated with about 950 raw materials and semi-manufactured products direct suppliers. About 46% of them have worked with Prada for more than 10 years and about 82% are Italian suppliers; the percentage rises almost to 92% 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 collaborations 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 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 essentially non-existent, while it deemed that same risk as overall low along its external industrial supply chain. The geographic location of the suppliers selected by the Group, as well as the profound knowledge of the same in term of duration and quality of the established partnerships, reduces the risk of conditions or pre-conditions such as to constitute circumstances of modern slavery, forced labor and human trafficking.

ETHICAL PRINCIPLES

On March 15, 2019 the Board of Directors of Prada S.p.A. approved the Sustainability Policy in which the Group declares its commitment to operate in full respect of the value of the individual and for the human and workers' rights enshrined in Italian and international covenants and declarations - such as the United Nations Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The Board of Directors considers respect for ethical principles to be the foundation of the enterprise's success and represents an important expression of 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 while 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 all stakeholders.

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 request of documents, attestations and self-certifications that ensure, also for sub-suppliers, compliance with the law on remuneration, social security, taxation, health and safety, the environment, privacy and the governance model. As mentioned, 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, also intra-year, to ensure veracity and consistency. Such controls, of a documental nature and conducted by purchasing structures or business areas focused on several topics, are carried out on a sample basis or when a problem is encountered. The procedure may include further inquiries in case of potential non-compliance in the documentation. 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 confirmation regarding working conditions. In case of a non-compliance that can be remedied, the supplier may be temporarily suspended until the corrective actions are implemented, while for cases that are more serious the contract may be terminated immediately.

This procedure, implemented in early 2017 to suppliers operating in the industrial area, has been gradually extended to businesses not strictly involved in the production cycle, reaching 80% coverage of all industrial, engineering and logistics suppliers at December 31, 2018. Furthermore, during the year, internal controls were launched both on first and second level to ensure the periodic updating of the information required by the procedure, as well as its correct execution, also through internal training meetings aimed at preventing cases of non-compliance.

OUTLOOK

In pursuit of value creation that is consistent between business objectives and societal demands, the Prada Group confirms its future commitment to fundamental sustainability issues, including those most closely linked to respect for human and workers' rights. In particular, as far as the supply chain is concerned, the Group is firmly committed to the continuous extension of the aforementioned qualified vendors' list procedure, as well as to the search for policies and instruments capable of mitigating even more effectively the risks of modern slavery, forced labor and human trafficking along its sphere of influence.

By Order of the Board

Prada S.p.A.
Mr. Carlo Mazzi
Chairman

Milan (Italy), May 16, 2019