

# PRADA Group

## 2015 Social Responsibility Report



# INDEX

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<b>LETTER TO THE STAKEHOLDERS</b>	<b>3</b>
<b>STAKEHOLDERS AND MATERIAL ASPECTS</b>	<b>4</b>
• The Prada Group's stakeholders	4
• Materiality analysis	5
<b>1 PRADA GROUP</b>	<b>7</b>
1.1 History	7
1.2 2015 highlights	12
1.3 Value chain	12
1.4 Ethics, governance, compliance and risk management	15
<b>2 STRIVING FOR EXCELLENCE</b>	<b>19</b>
2.1 Know-how	19
2.2 Customer experience	28
<b>3 WORKPLACE ETHICS</b>	<b>32</b>
3.1 The workforce	32
3.2 Employee relations	33
3.3 Diversity and equal opportunity	34
3.4 Worker safety throughout the supply chain	35
<b>4 THE PRADA UNIVERSE</b>	<b>38</b>
4.1 Fondazione Prada	38
4.2 Restoration of the Galleria Vittorio Emanuele II in Milan	40
4.3 Restoration of the facades of the Palais d'Iena in Paris	41
4.4 Gruppo Prada and FAI	41
4.5 Other special projects	42
<b>5 AT ONE WITH THE COMMUNITY</b>	<b>43</b>
5.1 Environmental protection	43
5.2 Preservation of the local territory	45
<b>6 GRI CONTENT INDEX FOR IN ACCORDANCE CORE OPTION</b>	<b>49</b>
<b>APPENDIX - NOTES ON THE METHODOLOGY</b>	<b>52</b>

# LETTER TO THE STAKEHOLDERS

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We live in complex times: economic and social dynamics are in constant flux, yet one consistent, evolving trend is the commitment to responsible growth.

The Prada Group, following its natural inclination and in response to society's demands, aims to merge value creation with long-term sustainable development so it can make a contribution to laying the foundations of future society.

In recent years, we have expanded dialogue within the company and stepped up external communications in order to give more transparency to our policy of combining growth with the issues our society takes to heart: respect for people, for the environment, for the community, for our artistic heritage.

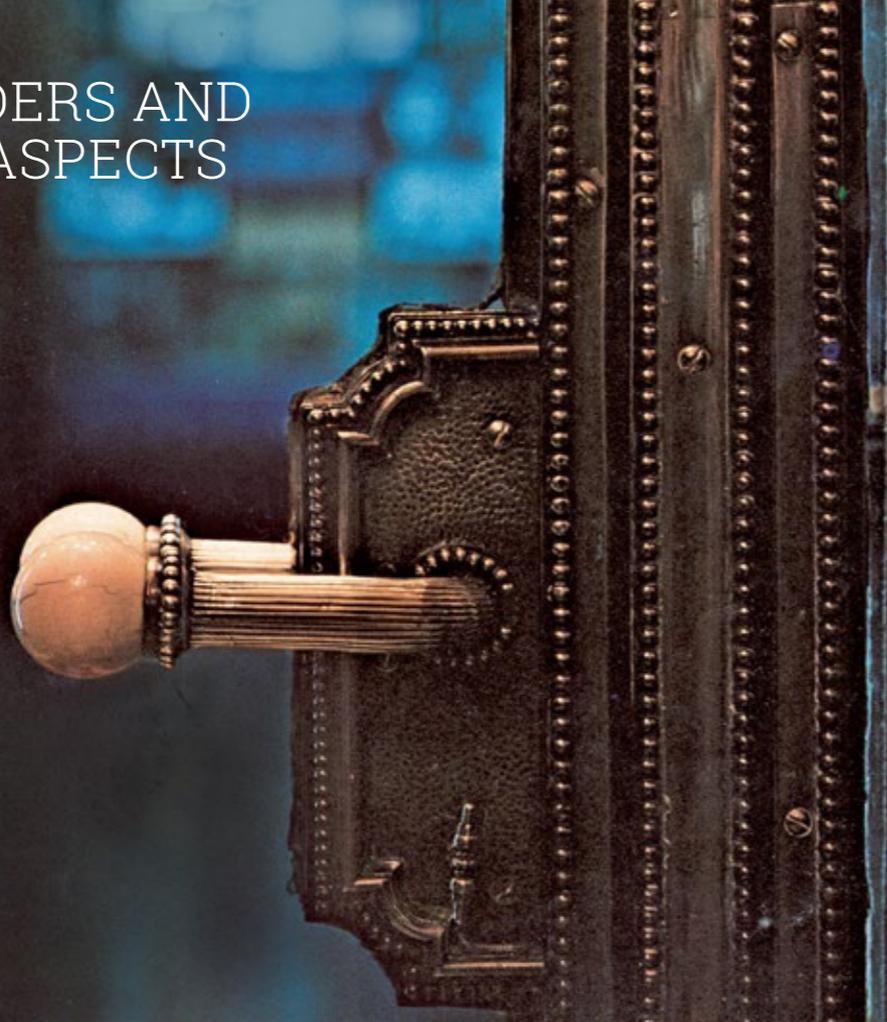
The Social Responsibility Report is therefore a good opportunity to describe the measures we have taken in pursuit of sustainability and evaluate the economic, social and environmental impact of our actions, but especially to lay the groundwork for considering the many aspects and implications of sustainability in the development of future projects and initiatives.

For the first time this year, we have used the new international guidelines approved by the Global Reporting Initiative (GRI). Although this is not mandatory in any way, our decision to do so reflects our insistence on high-quality, transparent reporting.

During the year we also launched the site [www.csr.pradagroup.com](http://www.csr.pradagroup.com), to present Prada from a new perspective and give sustainability issues a more dynamic space where we can describe what we are doing and facilitate contact with our stakeholders.

**Carlo Mazzi**  
Chairman of Prada spa

# STAKEHOLDERS AND MATERIAL ASPECTS



In a significant step forward, the Prada Group has written the 2015 Social Responsibility Report according to the latest sustainability reporting guidelines of the Global Reporting Initiative (GRI-G4). This means that the depth and detail given to the various topics reflect the outcome of a materiality analysis: 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.

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.

The Appendix reports the notes on the methodology adopted for this Report.

## 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 stakeholder 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, this helped determine the sustainability issues of relevance within and outside the Group.



## **MATERIALITY ANALYSIS**

For the 2015 Report, the Group conducted its first materiality analysis compliant with the G4 Sustainability Reporting Guidelines. This 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.

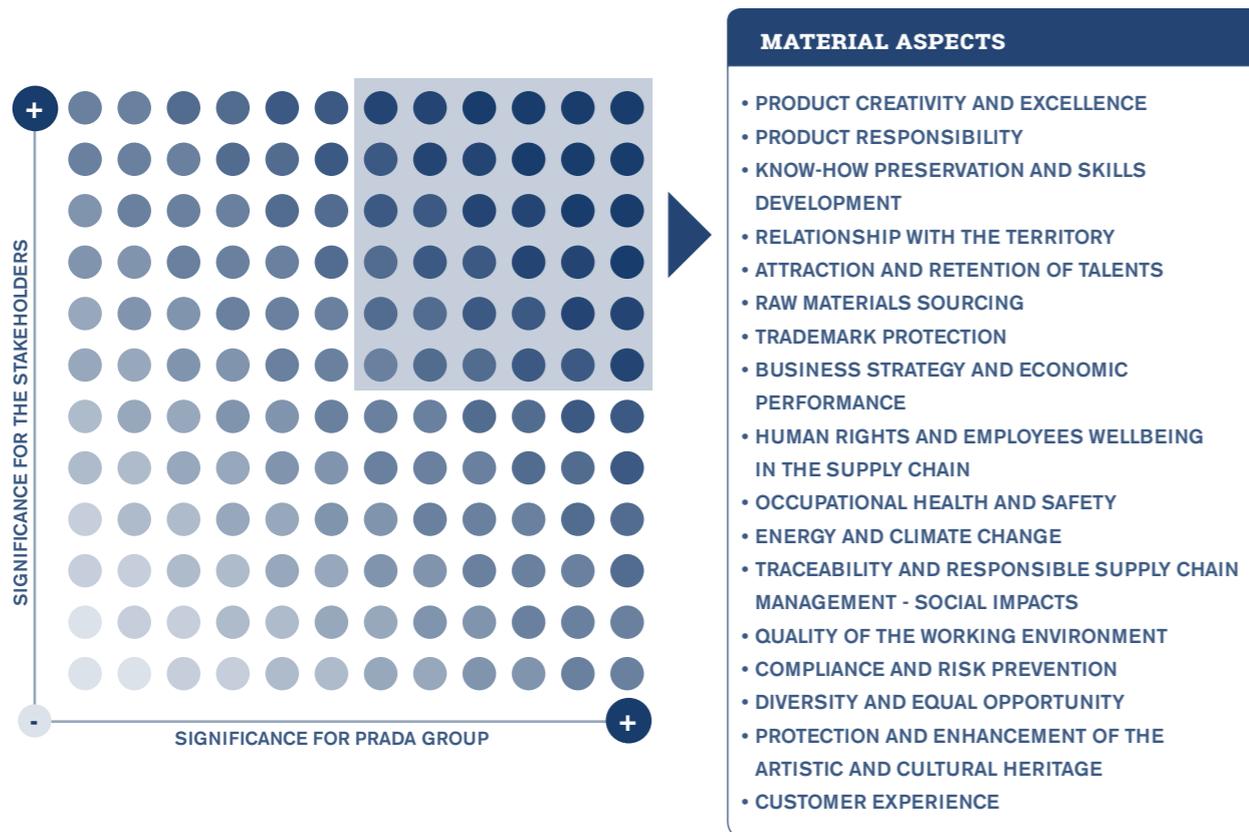
Once sustainability issues were defined, they were ranked for materiality so that the more significant of them would be included in this report. This was achieved by interviewing key department heads, who assigned priority rankings to the issues according to their significance for Prada and its stakeholders.

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 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, 2016, products are sold in 70 countries worldwide through 618 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.

The Group saw a turning point in the development of its activities at the end of the Seventies, when Miuccia Prada, Mario Prada's granddaughter, launched a partnership with Tuscan businessman Patrizio Bertelli. This partnership combined creativity and business ideas laying the foundations of the international expansion that was to come. Patrizio Bertelli broke new ground in the luxury goods sector, introducing a business model in which he kept direct, internal control over all processes, applying excellent quality criteria across the entire production cycle. Miuccia Prada's creative talent and avant-garde approach attracted the attention of the global fashion industry, while her ability to look at the world from an unconventional vantage point allowed her not only to anticipate but, quite often, to set new trends.

In 1977, Patrizio Bertelli consolidated the production resources that he had built up over the previous ten years in the leather goods segment and obtained an exclusive license from Miuccia Prada to produce and distribute leather goods bearing the Prada brand name. In the following years, the activities of the two families were gradually brought together within a single Group.





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 "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.

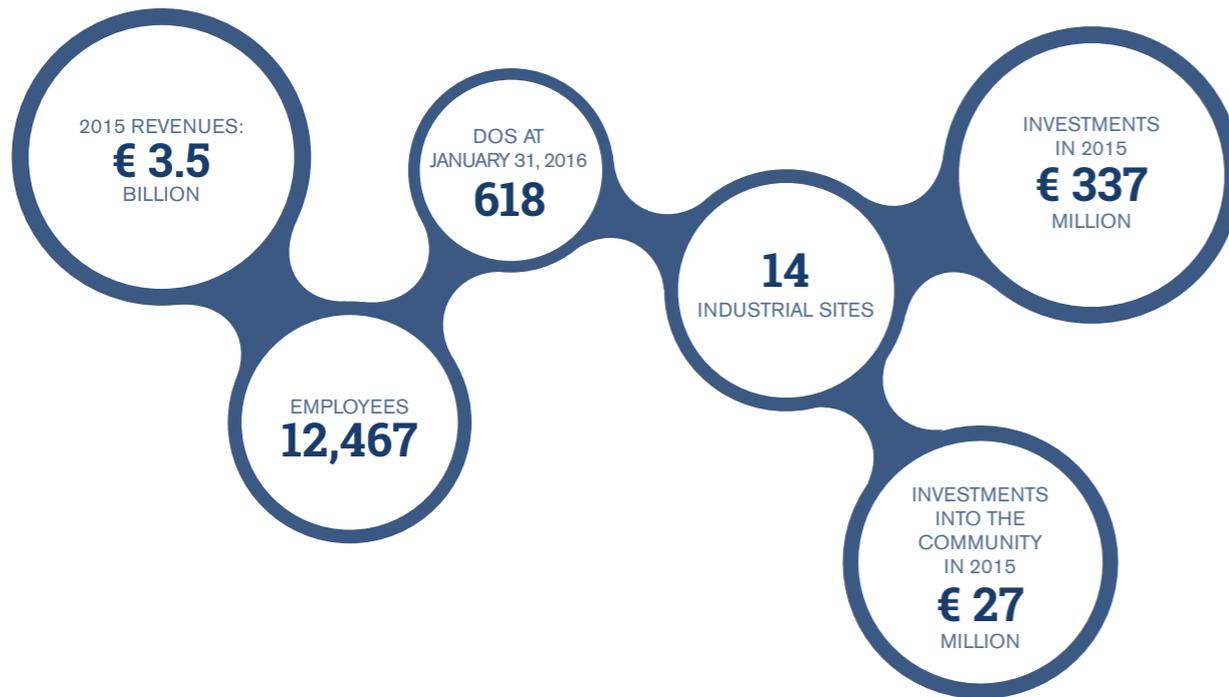
The Prada e-store first went live in **2010** while Miu Miu was launched in 2011.

On June 24, **2011**, 20% of the share capital of Prada spa was successfully placed 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; with this addition, the Group's production sites employ 3,067 persons. 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.

## 1.2 2015 HIGHLIGHTS

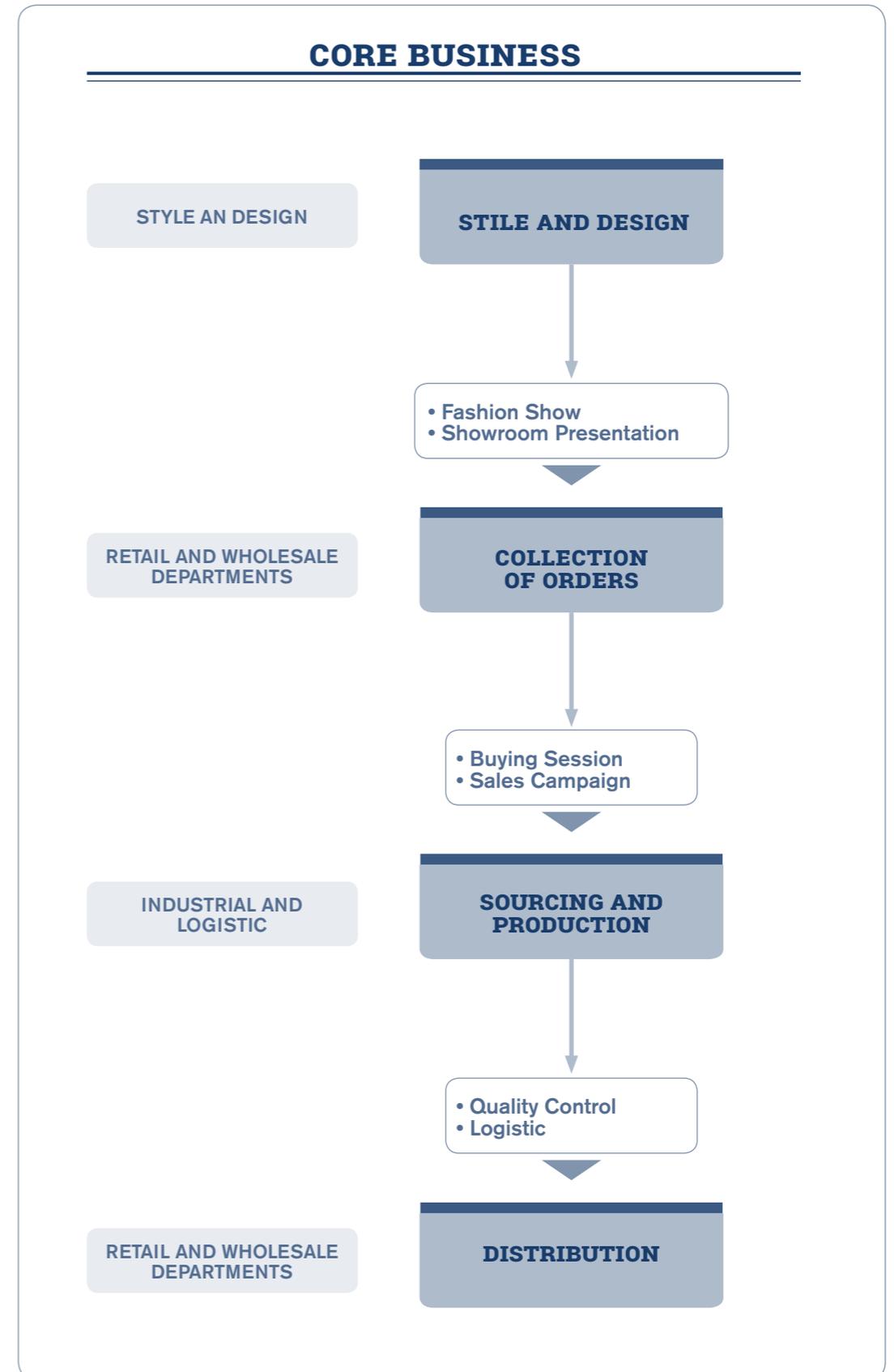


## 1.3 VALUE CHAIN

The Group's brands, like its products, have always been associated with creativity, quality and exclusivity. In fact, the ultimate goal has always been to offer clients a sophisticated, uncompromised quality product that exemplifies the integrity and prestige of the Prada world: a creative process which stems from the tradition of artisanal workmanship and the constant attention and curiosity towards contemporary society and its needs.

An integrated value chain, fundamental for an effective combination of quality and innovation, is the cornerstone of the Group's success. Thanks to this strategy of integration, through style and design skills and in-house industrial know-how, the Group is able to translate avant-garde concepts into innovative, exclusive products, providing the production capacity with rigorous controls over the know-how and qualitative and ethical standards along the entire production chain.

The trademarks in its portfolio are the most precious "assets" of the Prada Group, each of which has a specific and well-defined identity. In order to protect, support and raise their prestige, the Group has an integrated business model.



## **STYLE AND DESIGN**

Creativity is the first step of the quality process.

Miuccia Prada has the ability to combine intellectual curiosity, the pursuit of new and unconventional ideas and 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 set, 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: all items of ready-to-wear apparel, footwear and accessories complement one another and create a well-defined, consistent brand image.

Prada’s flair and the extraordinary personalities in the top management continue to attract talented people from all over the world who want to work with them in many different creative fields. This results in formidable 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 analysis 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 quality standards, with a special attention to working conditions and 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 14 directly owned production sites (12 in Italy, 1 in England and 1 in France), in addition to a 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. The Prada Group’s recent acquisition of the Hervy Tanneries in Limoges (France), a tannery which had been facing serious difficulties, is the latest investment that shows the intention to preserve local artisanal skills and to integrate them into a production cycle capable of satisfying the demands of the international market.

## **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 technical figures 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. Prada has set up an Industrial Compliance Committee to ensure that the production and distribution of its products worldwide always complies with applicable laws, not only out of respect for local legislation but as a way of 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 618 stores operated directly (DOS - Directly Operated Store) in the most prestigious location of the main destinations for international shopping, consistent 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 product category.

The wholesale channel (department stores, multi-brand stores and franchisees) 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.

## 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

The 2015 fiscal year was characterized by a general worsening of the macroeconomic scenario, which had significant effects on the international luxury goods market.

This complex framework has required a swift response by the Group that, keeping the commitment to research and innovation as a center for its action, has undertaken a series of measures to counter the pressure on operating margins as a result of the

lack of growth in retail sales and the resizing of wholesale sales.

The main operating processes in the retail and production areas have been reviewed and prices adjusted taking into account foreign exchange rate market trends and brand positioning. Last but not least, the range of corrective measures taken has included action to reduce costs. Nevertheless the Group continued to prefer long-term growth targets committing resources to activities and projects deemed essential to value creation.

Accordingly, investment in industrial and retail structures has continued, even though priorities were adjusted during the year, as well as in the community, particularly through sponsorship of the Fondazione Prada. Priority has also been given to initiatives designed to develop relations with an ever more sophisticated customer base, like the one held to celebrate the opening of the prestigious new flagship Miu Miu store in Tokyo or the "Digital for retail" project.

Market response to the Group's marketing initiatives and commercial decisions has been positive overall although there have been contrasting results in terms of distribution channel, product category and geographical area. Consolidated net revenues for the year amounted to Euro 3,547.8 million, broadly in line with 2014 at current exchange rates.

The range of measures adopted by management in relation to business processes and the cost structure have helped limit the reduction in profitability and the reporting period has ended with Group's net income of Euro 330.9 million, 9.3% of net revenues; this is down on 2014 when Group's net income stood at Euro 450.7 million, or 12.7% of revenues.

<b>EC1 INDICATOR - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>Euro/1000</i>	<i>Euro/1000</i>	<i>Euro/1000</i>
<b>Economic Value Generated</b>	3,591,939	3,555,465	3,553,898
<b>Economic Value Distributed</b>	3,014,518	3,157,435	3,207,289
<b>Operating costs</b>	1,848,933	1,941,045	2,014,073
<b>Value distributed to Employees</b>	583,945	638,947	702,543
<b>Value distributed to Banks and Bond Holders</b>	13,253	16,427	19,420
<b>Value distributed to Government Authorities</b>	321,375	254,468	159,367
<b>Value distributed to Investors</b>	236,928	290,849	284,699
<b>Value distributed to the Community</b>	10,084	15,699	27,187
<b>Economic Value Retained</b>	577,421	398,030	346,609

The consolidated income statement for 2015, presented according to the GRI model of the economic value generated and distributed, shows an economic value retained amounting to Euro 346.6 million, down by Euro 51.4 million compared to 2014. The contraction, given the equal value generated from the sale of luxury goods, is due to increased distribution of income to the lessors of commercial spaces, employees, as well as to the raw materials procurement and façon. Remuneration to the shareholders has remained rather unchanged.

### 1.3.2 TRADEMARK PROTECTION

The Intellectual Property Department is committed to 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 1,8 million fakes, the contestation of 380,000 e-commerce ads (of which 370,000 have been taken down), and the removal of illegal content from more than 7,100 websites.

## 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 the Company and the foundation of the enterprise's success. The Group believes in:

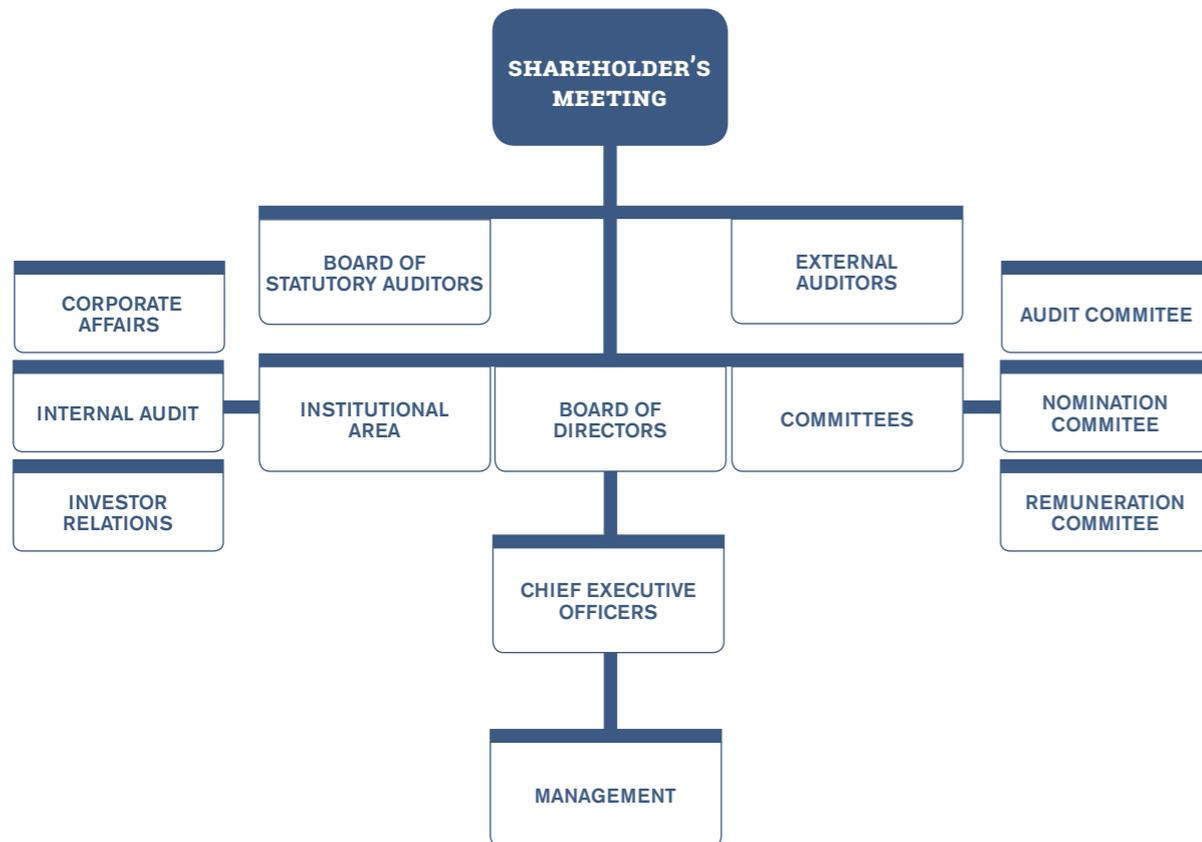
- compliance with legislative and regulatory provisions in all countries in which the Prada Group operates;
- legitimacy, loyalty, correctness and transparency;
- confidentiality;
- respect for the value of the person and our human resources;
- respect for competition, as a crucial instrument in the 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, all 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, a Supervisory Body, the Board of Statutory Auditors, 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. The Board of Directors is therefore 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
<b>Carlo Mazzi</b>	President	Male	> 50
<b>Miuccia Prada Bianchi</b>	Chief Executive Officer	Female	> 50
<b>Patrizio Bertelli</b>	Chief Executive Officer	Male	> 50
<b>Alessandra Cozzani</b>	Chief Financial Officer <sup>(1)</sup>	Female	> 50
<b>Donatello Galli</b> <sup>(2)</sup>	Chief Financial Officer	Male	> 50
NON-EXECUTIVE DIRECTORS	Role	Gender	Age
<b>Gaetano Micciché</b> <sup>(3)</sup>		Male	> 50
<b>Stefano Simontacchi</b> <sup>(4)</sup>		Male	30 - 50
<b>Maurizio Cereda</b> <sup>(5)</sup>		Male	> 50
INDEPENDENT NON-EXECUTIVE DIRECTORS	Role	Gender	Age
<b>Gian Franco Oliviero Mattei</b>		Male	> 50
<b>Giancarlo Forestieri</b>		Male	> 50
<b>Sing Cheong Liu</b>		Male	> 50

(1) Appointed as CFO on February 19, 2016; (2) Resigned on February 19, 2016; (3) Resigned on April 15, 2016; (4) Appointed on May 24, 2016; (5) Appointed on May 24, 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
<b>Gian Franco Oliviero Mattei</b>	President	Male	> 50
<b>Giancarlo Forestieri</b>		Male	> 50
<b>Sing Cheong Liu</b>		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
<b>Gian Franco Oliviero Mattei</b>	President	Male	> 50
<b>Giancarlo Forestieri</b>		Male	> 50
<b>Carlo Mazzi</b>		Male	> 50

Finally, 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
<b>Gian Franco Oliviero Mattei</b>	President	Male	> 50
<b>Sing Cheong Liu</b>		Male	> 50
<b>Carlo Mazzi</b>		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 deputy auditors for a term of three fiscal years.

BOARD OF STATUTORY AUDITORS	Role	Gender	Age
<b>Antonino Parisi</b>	President	Male	> 50
<b>Roberto Spada</b>		Male	> 50
<b>David Terracina</b>		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 3 members chosen among qualified and experienced professionals, and appointed by the Board.

SUPERVISORY BODY	Role	Gender	Age
<b>David Terracina</b>	President	Male	30 - 50
<b>Franco Bertoli</b>		Male	> 50
<b>Gian Franco Oliviero Mattei</b>		Male	> 50

More detailed information on corporate governance is provided in the Corporate Governance Report contained in the Annual Report 2015.

On February 15, 2016, the Corporate Social Responsibility Committee was formed in order to organize the manifold activities connected with the program aimed at giving increasing emphasis and visibility to the initiatives related to social responsibility.

The responsibilities of the Committee are as follows:

- increase the activities of corporate social responsibility and coordinate their execution;

- share with the departments the guidelines and projects required to achieve the set objectives;
- assess the results of projects carried out by the departments or by the working groups involved.

On December 2015, such program saw the launch of the [www.csr.pradagroup.com](http://www.csr.pradagroup.com) website and the [csr@pradagroup.com](mailto:csr@pradagroup.com) e-mail address, both dedicated to these subjects.

#### 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 member companies, by management and by the internal control department, with a view to providing reasonable certainty that control objectives will be met.

More specifically, the Board of Directors of Prada spa has adopted the internal control framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO), reflecting international best practices, which includes the following components:

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

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.

Moreover, the Internal Audit department works in close collaboration with the aforementioned bodies, and is responsible for risk assessment and for making sure the internal control and risk management system is adequate and working properly. In addition, 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.

The Prada Group has systems in place to coordinate all these players, in order to maximize the efficiency of the internal control system and limit the duplication of effort.

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 to manage these risks. 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: the general state of the economy and the Group's international operations, the protection of intellectual property rights, brand image and recognition, and the ability to anticipate trends and respond to the changing tastes of consumers;
2. risks specific to the Prada Group: exchange rate and interest rate fluctuations, the importance of key personnel, strategy implementation, outsourcing, credit and liquidity risk, legal and regulatory risk and information risk.

Further information is provided in the Financial Review and Corporate Governance sections of the Annual Report 2015.

In addition to the information presented in the Annual Report 2015 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.



### 2.1.1 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 with effective use of resources, following an approach that aims to eliminate waste and therefore maximize efficiency in the use of production inputs. The development plan for the leather goods business has led to the insourcing of cutting facilities, to maintain the utmost quality while improving consumption control.

In 2015 the expansion of the cutting facility in Valvigna and the construction of a second cutting facility in Scandicci gave a substantial boost to production efficiency and product quality and control and therefore made an appreciable difference in consumption by the leather goods division. The machines, built by industry leaders in Italy, are technological marvels that cut all kinds of material (from hides to fabric) and cover a variety of needs, from sample cutting to the most supple fine leathers. During the selection of hides and cutting parameters, the automatic nesting feature employed by these facilities optimally combines the skills of expert technicians with the speed of young operators, in a process that constantly promotes the training, professional growth and experience of all concerned.

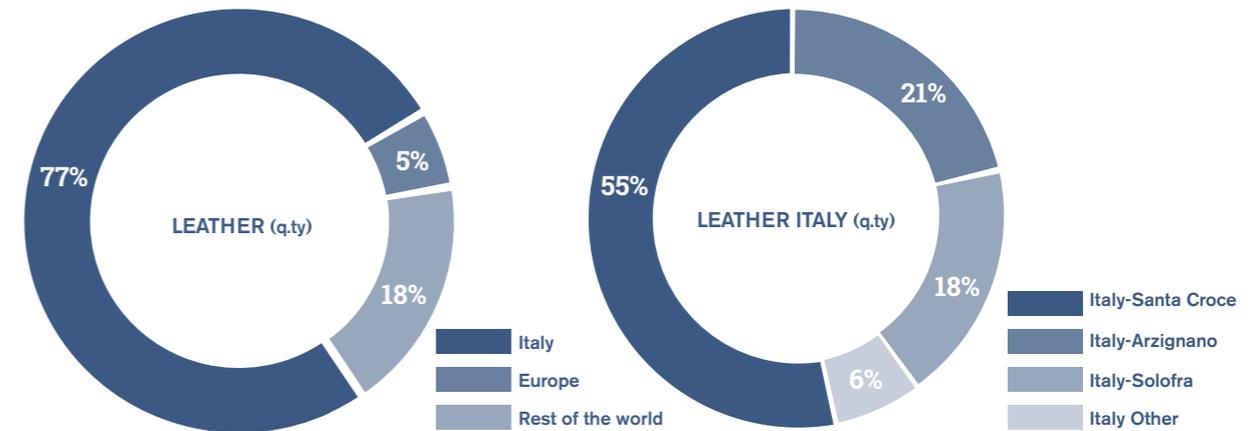
The materials Prada uses in the manufacturing process can be broken down into primary materials, such as leathers, fabrics and yarns, and ancillary materials such as soles, heels, zippers, buttons and ribbon. Their transformation into finished accessories, apparel and footwear also involves the use of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





produced expressly for Prada, according to strict technical and design specifications, by long-established partners: more than 50% of them have been working with the Group for more than 10 years, and 25% 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, which alone accounts for 52% of the amount spent on materials throughout the Group. In terms of quantity, in 2015, 77% of the leather came from Italian industry clusters renowned for their quality and craftsmanship. Another 5% came from European suppliers, and the remaining 18% from outside Europe.



The most relevant information relating to materials from 2013 to 2015 are listed below, each shown in its typical unit of measure.

RAW MATERIAL	Units	AMOUNTS		
		2013	2014	2015
LEATHER	Feet	46,658,699	56,218,606	36,245,611
FABRICS	Meter	3,772,203	3,866,650	2,862,145
YARNS	Kilo	104,277	98,059	90,984
SHOES' BOTTOMS	Pair	957,544	1,104,471	940,641

The decrease in leather procurement is due mainly to the lower production volumes in this product category. As a whole, the material purchases listed above accounted for roughly 2/3 of the cost of all raw materials and semi-finished products purchased in 2015.

### 2.1.2 TIES WITH THE COMMUNITY DURING THE MANUFACTURING PROCESS

The international success of the Prada Group is deeply rooted in Italy, with respect to the supply chain. In 2015 the Group purchased materials from about 450 suppliers<sup>1</sup>, about 80% of them located in Italy and 14% in Europe. In many cases these are materials

The clusters of Santa Croce (Tuscany) and Arignano (Veneto) accounted, respectively, for 55% and 21% 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 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 2015 the Group worked with about 420 suppliers<sup>2</sup>, of which more than 80% are Italian and 13% are based elsewhere in Europe. 63% of the suppliers have been collaborating with the Group for more than 5 years, including 28% for more than 10 years. These are relationships built on mutual trust, by working together on a daily basis with a view to constantly improving and learning.

<sup>1</sup> Raw material suppliers with total sales of more than Euro 30,000 in 2015; taken together they account for over 95% of raw material purchases.

<sup>2</sup> Subcontractors with total sales of more than Euro 30,000 in 2015; taken together they account for over 95% of purchases of semi-finished goods.

### 2.1.3 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 270 technicians, each with at least 10 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 manufacturing, legal and logistical departments, 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 activities, the Prada Group has drawn up a Restricted Substances List (RSL) that sets limits on the presence of chemicals in its products. In 2015, 78% of the roughly 1,100 suppliers of raw materials, semi-finished products and packaging that received the Group's RSL formally accepted and signed the document.

To make sure 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.

Meanwhile, the Group has actively contributed to the sustainability campaign promoted by the Camera Nazionale della Moda Italiana (CNMI), which began in 2012 with the publication of the "Manifesto for sustainability in Italian fashion" (of which Prada is a signatory). In 2015, with technical support from major Italian brands, among which Prada shared its experience with chemicals and compliance, CNMI published "Guidelines on ecotoxicological requirements for clothing, leather goods, footwear and accessories". The document results from a study of 350 chemical substance groups and traces a path toward the gradual reduction (and elimination, where possible) of the use of certain substance groups in the supply chain, to the benefit of the environment, consumers and society. The guidelines will be periodically revised to reflect further toxicology studies, improved technologies, and the outcome of scientific research.



In 2015 there were 3 cases of non-compliance with health and safety regulations concerning 3 products sold in China, which resulted in total fines of about Euro 195,000. There were just 2 cases of non-compliance with information and labeling requirements, in Brazil and Portugal, leading to total fines of less than Euro 3,000.



#### 2.1.4 CREATIVITY AND PRODUCT EXCELLENCE

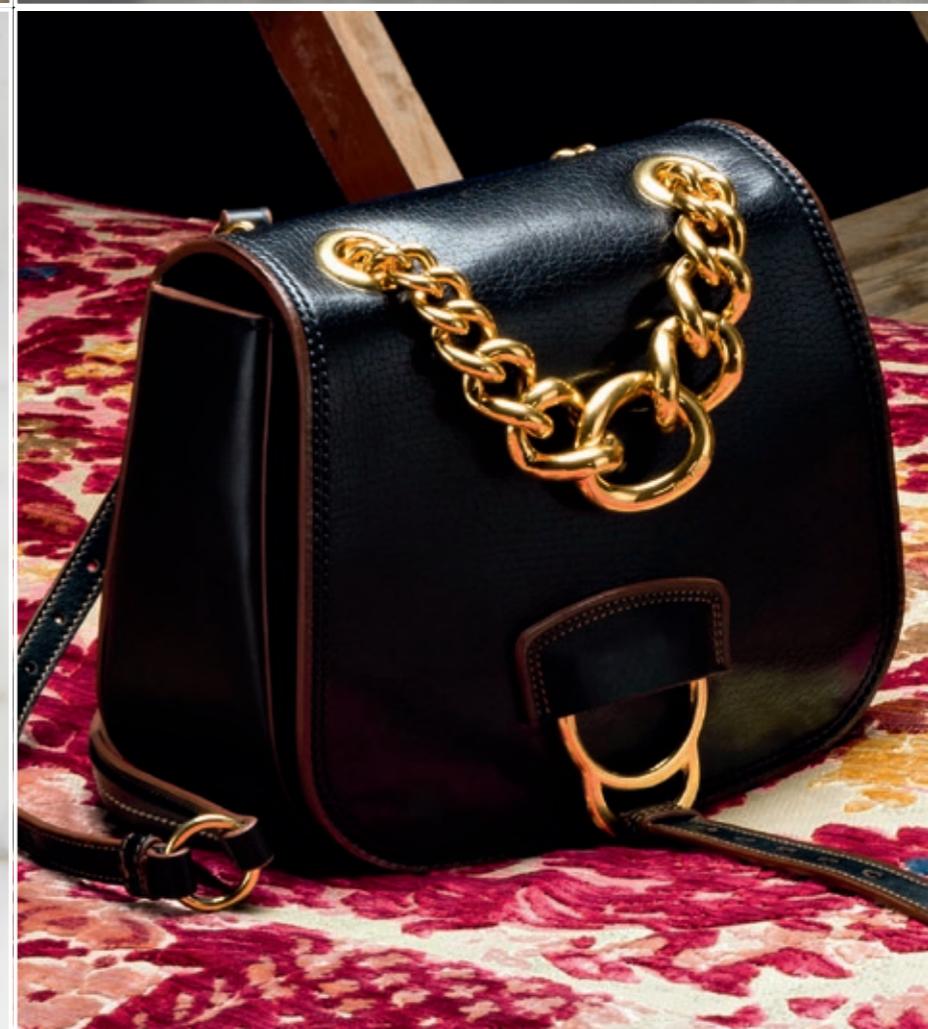
“For Prada, fashion, luxury and style have always been core aspects of a project that goes beyond production of clothes, footwear and handbags. Careful observation and interest in the world, society, and culture are at the core of Prada’s creativity and modernity. This has pushed Prada beyond the physical 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 philosophy 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.

Among the luxury items produced throughout Prada’s history are the following iconic handbags and shoes, representing across-the-board success and available in every market served by the Group.



#### **PRADA BACKPACK**

The backpack was first produced for the 1984-85 Fall/Winter collection as a utilitarian item. Evolving in shape and size, in 1987 it attained its current look and became a best seller around the world. Made of "Pocono nylon," the backpack is lightweight and spacious. The fabric is obtained by weaving special nylon, using machinery even more sophisticated than silk-weaving looms, and may be the most emblematic example of innovation—as a material and an element of design—in the luxury handbags and accessories market.

#### **PRADA GALLERIA**

This bag was named for Prada's original shop in Galleria Vittorio Emanuele II in Milan. It pays tribute to Prada's legacy, since 1913, in the creation of accessories and the quest for fine materials.

#### **PRADA DOUBLE**

Extremely lightweight, the Double blurs the line between exterior and interior by way of its exquisite nappa leather lining.

#### **PRADA INSIDE**

First created for the 2015-16 Fall/Winter collection, this bag combines a classic style with originality. The exterior part, developed by Prada's expert craft artisans, conceals a twin bag inside through a complex design. The result is extremely supple bag, thanks to countless manual phases used to make it.

#### **MIU MIU CLUB**

Crafted in signature matelassé leather and finished with a chain shoulder strap, the Miu Miu Club is an example of a sophisticated and sartorial bag.

#### **MIU MIU DAHLIA**

Hand crafted, constructed with a special wood last, the Miu Miu Dahlia reinterprets the traditional master saddlers bag.

#### **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.



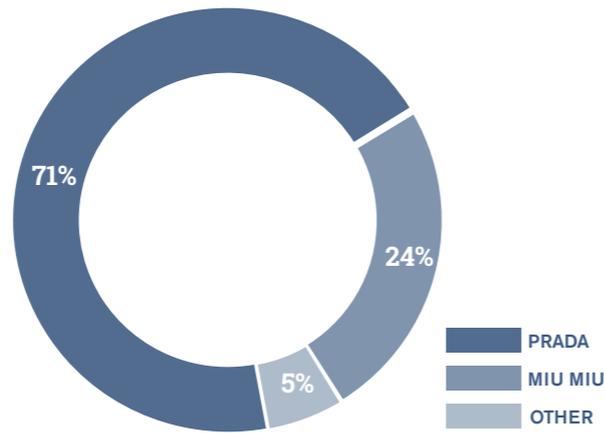
Prada's creative flair is evident in its product archive, a tangible history not only of the Group's brands but of a century of Italian fashion.

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.

To date, it contains 130,000 pieces at five locations in Tuscany and Milan.

The contents of the product archive are summarized below.

ARCHIVE OF FINISHED PRODUCT (number of models)	
48,238	Ready-to-wear
40,965	Shoes
11,488	Leather goods
28,927	Other
<hr/>	
129,618	TOTAL



**2.1.5 PRESERVING TRADITIONAL EXPERTISE AND DEVELOPING SKILLS**

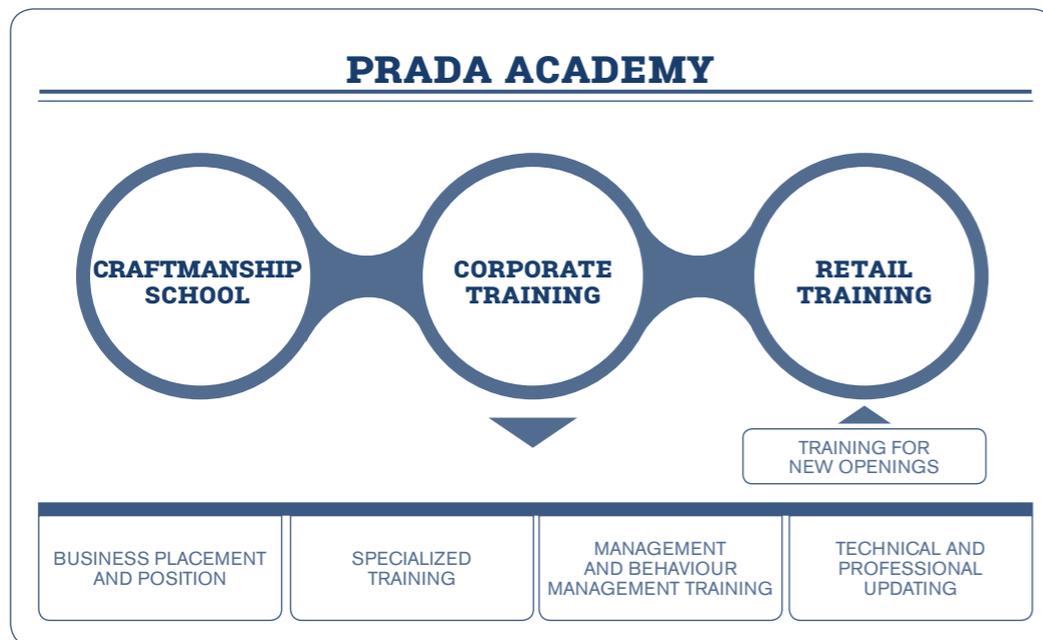
The preservation and advancement of expertise is fundamental to the Prada Group, which prides itself on transmitting skills from generation to generation.

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**

Throughout its history, the Prada Group has blended creativity and innovation with method and discipline. This is a key element of the Prada culture, which the Group aims to share with all of today's employees and pass down to tomorrow's new talent.

The Prada Academy training campus is designed to cultivate the present while building the future.



Over the past two years, Prada Academy has focused on developing retail training programs in order to reinforce store management techniques and help guide and serve our international clientele. In light of the Group's constant expansion, it has offered its Corporate employees a wide range of tools to better handle the complexity of their working environment, in terms of human interaction, managerial skills and problem solving. These efforts help the Prada culture evolve and grow stronger, as employees identify, engage, and develop a true passion for the brands.

The same values underlie the creation of specific educational programs for young people who will join the Prada team in coming years; in 2016 the Academy will focus on the design and implementation of programs for the induction of new hires in the Corporate division.

To develop skills, broaden knowledge, and therefore increase employees' value as professionals, in 2015 42,355 training hours<sup>3</sup> were provided to 3,158 participants<sup>4</sup>.

Below is a summary of the training hours by gender

WORLDWIDE TRAINING	TOTAL	WOMEN	MEN
NUMBER OF PARTICIPANTS	3,158		
NUMBER OF TRAINING HOURS	42,355	26,268	16,086
AVERAGE NUMBER OF HOURS PER EMPLOYEE IN THE YEAR	3.40	3.45	3.31
NUMBER OF EMPLOYEES	12,467	7,605	4,862

<sup>3</sup> Hours of training times number of participants. Does not include health and safety training.

<sup>4</sup> One employee participating in two courses counts as two participants.



## 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. To strengthen this bond over time, Prada insists on providing a service consistent with the excellence of its collections and with the expectations of those seeking a luxury brand.

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 understanding of the style content of the collections, but to communicate the values, culture and heritage that the products represent.

Over the years, manuals have been published to guide store personnel and gather information, giving a better understanding of the Prada universe.



### 2.2.1 RETAIL NETWORK

The Prada Group owns 618 Directly Operated Stores, in exclusive locations selected on the basis of its growth strategies.

Much more than simple points of sale, the stores are important communication tools: "ambassadors" of the brand, its identity and the latest collections. Sales personnel provide clear information on the products and their care, as well as complete post-sales services including care and repair.

This enhances Prada merchandise by ensuring its quality and durability over time. Meanwhile, the Group protects customers' identity and privacy by handling their personal information with the utmost care.

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. All locations are monitored constantly and are renovated every 5-10 years on average. 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.

Prada's innovative spirit shines through in its "Epicenter Concept Stores", launched in 2000 in collaboration with some of the world's most influential architecture firms, including Pritzker Architecture Prize winners Rem Koolhaas and Herzog & de Meuron. Prada 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 experiences. On occasion, Prada Epicenters transcend their primary function to host movie screenings, exhibitions, debates and other cultural events. At the moment there are three Epicenter stores, in New York, Tokyo and Los Angeles.

To consolidate its competitive role in the market, in 2015 the Prada Group launched the "Digital for retail" project that boosts customer involvement by fostering direct, personalized interaction between shoppers and sales staff. Store personnel have been given iPads and iPhones that will provide them with immediate access to the most helpful information on their customers, as well as to current advertising campaigns and images of the latest products. The digital devices can also be used to share information, photos and video content with shoppers.

#### 2.2.2 EVENTS

In 2015 Prada presented the third chapter of its project "The Iconoclasts". Three of the most acclaimed costume designers in the world of cinema took over the visual identity of Prada stores, gracing them with their visionary point of view.

Prada New York Broadway was transformed by Michael Wilkinson and Tim Martin, Arianne Phillipps reinterpreted the Old Bond Street store in London, and the Faubourg Saint-Honoré store in Paris hosted Milena Canonero. Working with costume designers was a natural evolution of the project, which previously involved internationally renowned fashion editors in an experimental encounter between fashion and other domains.

During the year the Group opened the new Miu Miu store in the Aoyama district of Tokyo, built by Swiss architects Herzog & de Meuron. The occasion was marked by a fashion show and a party for one thousand guests at Belle Salle Shibuya Garden.

The centerpiece of the event was an exhibition of some of the store's most representative items, showcased as works of art. Celebrities from the worlds of art, architecture, fashion and entertainment attended the exclusive cocktail party held in the new space. The 720 m<sup>2</sup> will be the heart of the brand's operations in Japan.







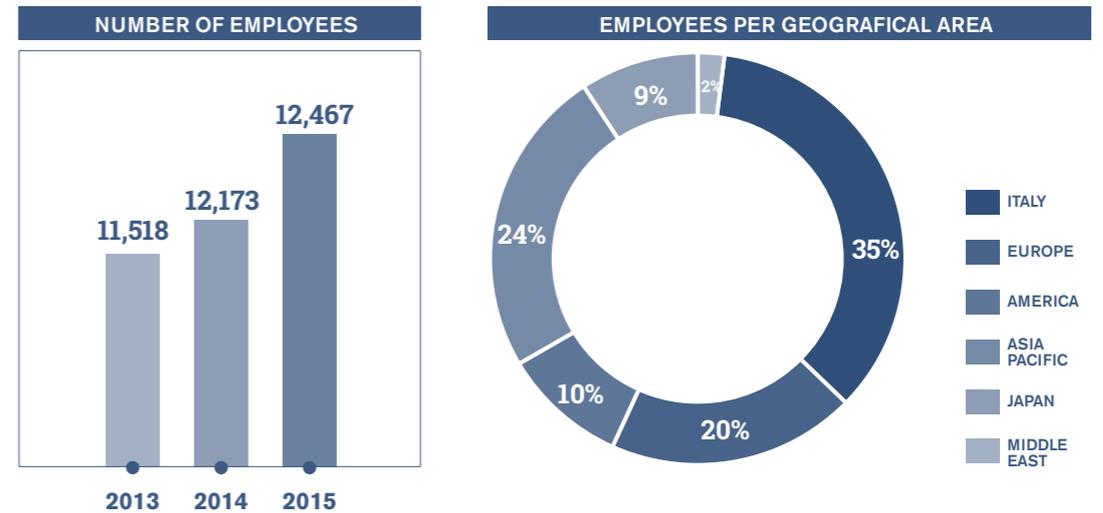
The Prada Group's business approach is based in the promotion of diversity, protection of employment and treatment of staff with care and respect. Prada has always considered human capital to be key to its competitive edge and makes every effort to promote and reward productivity, professional skills, teamwork, and 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.

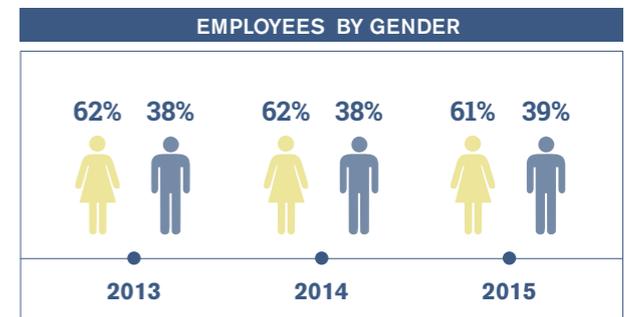
### 3.1 THE WORKFORCE

As of January 31, 2016, the Group had 12,467 employees (an increase of 2.4% on the previous year), of whom 35% work in Italy.



Outside Italy, the most sizable part of the workforce is in Asia-Pacific (24%), followed by the rest of Europe (20%).

In Italy, where 12 of the 14 production facilities are located, most employees (63%) work in the industrial division, while in other countries, where 564 out of 618 Directly Operated Stores are located, 88% of employees are in retail. Church's accounts for 6% of employees in the industrial division outside Italy.



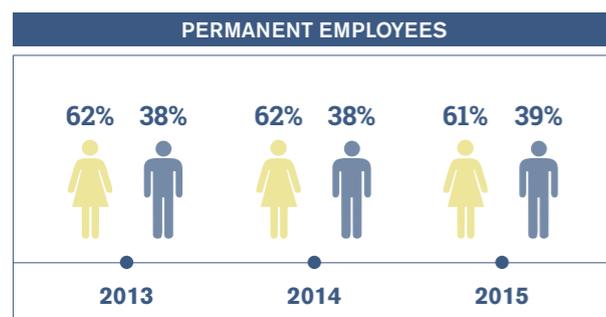
Retail is the segment with the youngest employees (average age 33.2 years), while in the industrial sector, where at least ten years of experience in production and craftsmanship is particularly important, the average age is 44.0.

	EMPLOYEES PER AGE RANGE		
	< 30	30-50	> 50
2013	38%	53%	9%
2014	36%	54%	10%
2015	33%	56%	11%

A breakdown of the workforce by age shows that in 2015 33% of Prada employees were under 30 years old and 56% were aged 30 to 50.

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
2013	0.4%	5.8%	5.1%	1.6%	4.9%	3.1%	14.3%	23.3%	6.4%	7.3%	11.5%	3.8%	0.2%	5.7%	1.0%	0.2%	4.3%	1.1%
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%

Again in 2015, 5.9% of employees were female executives and managers in the 30 to 50 year-old age group, whereas males in the same category accounted for 4.5%.



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 2015 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 a group of approximately 300 key managers, linked to the three-year profit growth, aligning individual targets to those of the shareholders;
- other 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 in Italy and the United Kingdom, where the Group's business has historical industrial roots, and in France, whereby it offers better benefits than those in the local collective bargaining agreements. 85% of the employees in Italy and 100% in France can benefit from the 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.

Thanks to the policy of respect, dialogue and cooperation in place with Italian trade unions (of which 30% of our employees were members in 2015), no labor strikes occurred in the year (compared to a rate of 0.04% in 2014). 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 109 different nationalities (97 in 2014) 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 (54%) 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
2013	50%	50%	66%	34%	56%	44%
2014	53%	47%	65%	35%	55%	45%
2015	54%	46%	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
2013	58%	42%	57%	43%	58%	42%
2014	57%	43%	55%	45%	55%	45%
2015	65%	35%	64%	36%	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 Italy and the Asia Pacific, where females account for 59% of employees.

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
59%	41%	55%	45%	58%	42%	59%	41%	55%	45%	58%	42%

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.

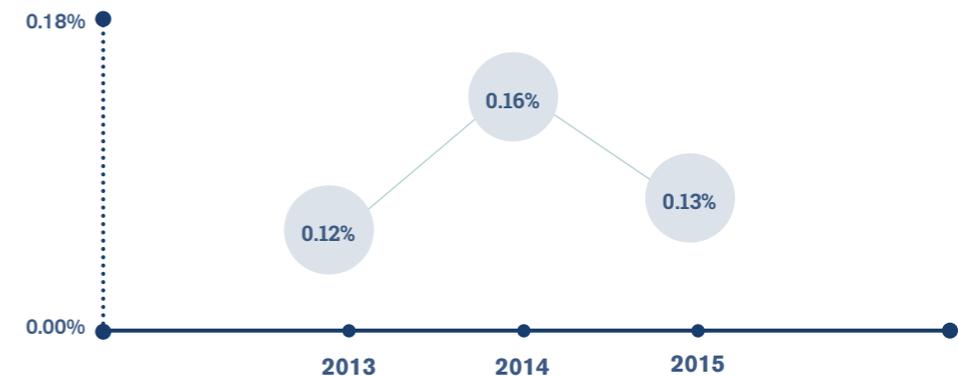
The gender pay gap with respect to men's and women's average salaries is shown below.

PAY GAP (with the median as 100% )						
YEAR	LABOR		STAFF		EXECUTIVES AND MANAGERS	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
2013	95%	105%	99%	102%	97%	102%
2014	99%	102%	99%	100%	100%	103%
2015	101%	98%	102%	106%	102%	98%

### 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. In 2015, as a result of training and updated safety measures implemented at the Group's locations, especially in industrial areas, the injury rate<sup>5</sup>, 0.13%, fell from that of the prior year (0.16% in 2014).



In Italy there were 76 incidents, 70% of which involved females. 54% occurred in itinere and 46% at the Company (50% due to tripping/slipping). There were 3 cases of occupational disease in Italy.

In order to promote and raise widespread safety awareness, the Company uses on-line safety courses with a specific IT platforms that are easy and simple to use. In 2015 more than 63,000 hours of training were given 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

<sup>5</sup> Calculated as the total number of hours lost due to injuries out of the number of theoretical working hours.

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. A long-term investment of Euro 8 million is planned; in 2015 the work was extended to two other factories, in addition to the 5 factories already included in the plan.

The industrial investments made in 2015 in Scandicci (Florence), Piancastagnaio (Siena) and Valvigna (Arezzo) took into account the need to assure workers high safety standards and high environmental quality in the work environment.

The Prada Group promotes and supports the respect for human rights, laws against child labor and forced labor, and health and security regulations within its organization and through the value chain.

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. To verify compliance with the standards, Prada reserves the right of free access to all owned production facilities and those relating to the various suppliers, and access to all accounting records and documentation regarding its employees.





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

## **4.1 FONDAZIONE PRADA**

The Prada Group, inspired by its Managing Directors, has been the main sponsor of Fondazione Prada since 1993, supporting its artistic and cultural activities.

Since the beginning, Fondazione Prada intends to act as an observatory on the current scene, through the staging of art exhibitions as well as architecture, cinema and philosophy projects. Culture is regarded as an effective knowledge tool that triggers a constantly evolving intellectual development.

Throughout its over twenty years of activity, Fondazione Prada has had a constant dialogue with international institutions and museums and collaborated with important contemporary artists such as Louise Bourgeois, Walter De Maria, Thomas Demand and John Baldessari, and has also presented special projects, both in Italy and abroad, among which the "Double Club" by Carsten Höller in London, the "Prada Transformer" by OMA in Seoul and the "24h Museum" by Francesco Vezzoli at Palais d'Iéna in Paris.

In May 2015 Fondazione Prada's new Milan permanent venue was unveiled. The building, used as an art museum and cultural center, has been conceived by the Prada Group in collaboration with OMA, led by Rem Koolhaas, and leased to the Fondazione Prada.

Fondazione Prada mainly focuses on ideas and the ways in which man has expressed them in different disciplines: literature, cinema, music, philosophy, art and science. The new space broadens the scope of the Foundation's knowledge in which every field has its own autonomy and, at the same time, the coexistence of disciplines produces unpredictable resonance and cultural interaction.

This new location is marked by a complex architectural configuration that combines seven existing buildings with three new structures (Podium, Cinema and Tower).

The venue is the result of the transformation of a distillery dating back to 1910's. In OMA's project, preservation coexists and interacts with the creation of a new architecture. Located in Largo Isarco, in the southern part of Milan, the complex extends over 19,000 m<sup>2</sup>.

The Podium, a building with high exhibition standards, houses temporary projects and exhibitions. The Haunted House, one of the original structures inside the complex, is the setting of the site-specific intervention by Robert Gober, while the basement of the Cinema, a flexible and multifunctional building, houses the permanent installation "Processo grottesco", by Thomas Demand. The Prada Collection, which mainly includes works from the 20th and 21st century, is used as a research and investigation tool. Curators, artists and architects, as well as scientists, students, philosophers and writers, are invited to offer new interpretations and contribute fresh ideas that spawn new projects and thematic exhibitions. The Tower is currently being finalized.

The opening of the new venue was timed in concomitance with the launch of the permanent educational program of the Accademia dei bambini (Children's Academy). The Academy, designed for 4-10 year-old children, provides the perfect environment for recreational activities and workshops, a space open to the dialogue between grownups and kids and to various playful, creative and learning experiences.

Bar Luce, designed by the American director Wes Anderson and situated in the entrance building of the new complex, reproduces the atmosphere of an old Milanese café. The wall and ceiling decoration is a "miniature" version of one of the landmarks of the city, Galleria Vittorio Emanuele II, while the furniture, colors and interior elements pay tribute to the golden years of Italian cinema, recalling pop culture and the Italian aesthetics of the '50s and '60s.

From May to December 2015 Fondazione Prada presented the exhibitions "Serial Classic" and "Portable Classic", both curated by Salvatore Settis, "An Introduction", "In Part", "Gianni Piacentino", "Recto Verso" and "Trittico". It also organized the cinema project "Roman Polanski: My Inspirations" and "Atlante del gesto", a series of choreographic actions conceived by Virgilio Sieni.

From 2011 the Foundation has presented 5 group shows at its eighteenth-century Venetian venue, Ca' Corner della Regina on the Grand Canal. The inaugural exhibition curated by Germano Celant has traced, through selected artworks belonging to the Prada Collection, the many activities carried out by the Foundation without imposing a specific thematic interpretation. Subsequently, important research exhibitions have been organized.





#### 4.2 RESTORATION OF THE GALLERIA VITTORIO EMANUELE II IN MILAN

After 13 months of work, from March 2014 to April 2015, thanks to an efficient construction site working round the clock, 14 thousand square meters were restored, giving the people of Milan and the international public a brand-new Galleria, 150 years after the laying of the first stone. Prada supported the restoration in collaboration third parties and under the direction of the Municipality of Milan and the general supervision of the Superintendence for Art and Landscape Heritage. The project was accompanied and completed by the creation of a website containing the scientific and historical research data, donated to the public administration.

The website [www.ingalleria.com](http://www.ingalleria.com) gave a voice to the restoration and reconstructed the history of a monument and that of its time, recounting real life episodes. A series of communication initiatives managed through the creation of new and dedicated accounts on Facebook, Twitter and Instagram supported the communication strategy, attracting the attention of a young audience.

A program of guided tours, booked through the website, allowed the public to access the construction site. The participants included enthusiasts and the just plain curious, students from local primary and secondary schools and international journalists.

The cultural event was completed with the showing, in the Galleria's Urban Center, of "Galleria. Cuore e memoria di Milano", directed by Ermanno Olmi in 1967 for RAI

(Italy's national public broadcasting company) to celebrate the one-hundred year anniversary of the monument. Finally, the return to the city of a renovated Galleria was celebrated with an artistic installation placed at the centre of the arcade, in the so-called Octagon, which offered new and unusual views of the monument itself.

More details are available on the website [www.csr.pradagroup.com](http://www.csr.pradagroup.com).

#### 4.3 RESTORATION OF THE FACADES OF THE PALAIS D'ÏENA IN PARIS

The Prada Group financed the restoration of the facades of Palais d'Ïena in Paris, headquarters of a local political institution – Conseil Économique, Social et Environnemental (CESE) – and the setting of Miu Miu fashion shows since 2011, as well as of artistic and cultural events curated by Fondazione Prada.

The restoration works started on January 5, 2015, after the appearance of clear signs of decay in the reinforced concrete and steel parts of the facades. Continued throughout 2015, the work will be carried out in two phases: first, the preservation of the exterior 'Rotonde', a distinctive architectural element of the building, to be followed by the securing of the 'Ala Ïena'. The restoration is expected to be finalized in July 2016.

The Prada Group commissioned the creative studio 2x4, based in New York, to design a 717 m<sup>2</sup> artistic tarpaulin weighting about 600 kilos to cover the scaffolding, offering the city an original visual experience and compensating for the inconvenience resulting from the restoration works.

The project was carried out in partnership with Direction Régionale des affaires culturelles Ile-de-France and Ville de Paris.

#### 4.4 PRADA 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 to the restoration of a severely damaged altarpiece by Giorgio Vasari in Florence, from 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.

In 2015 the Prada Group confirmed its support of FAI and renewed its agreement to finance the completion of the restoration of the Last Supper by Giorgio Vasari supporting the Opificio delle Pietre Dure in Florence until the end of the works, scheduled by the end of 2016.

#### 4.5 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 the animated films *Trembled Blossoms* and *Fallen Shadows* directed by James Lima, and the short films *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 *The Miu Miu Women's Tales*: a series of short films made since 2011 by directors of international fame, but with different intellectual backgrounds, which explore the world of women. Miuccia Prada's interest has also resulted in other projects such as the designing of the costumes for Baz Luhrmann's *The Great Gatsby*.

Moreover, in high-profile sports, the Luna Rossa team sponsored by the Group was a challenger in America's Cup sailing yacht races in 2000, 2003, 2007 and 2013, winning the challenger selection regattas in 2000 and reaching the finals of the race in 2007 and 2013. This experience contributed considerably to the commercial success of the leisure clothing and footwear lines and made Prada better known to the world through the association of its name with the oldest and one of the most prestigious international sports competitions.





## 5.1 ENVIRONMENTAL PROTECTION

Environmental protection is of primary interest to 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 CO<sub>2</sub> EMISSIONS

The Prada Group's electricity consumption was 154,879 MWh in 2015, up by 17% from that of 2014 due primarily to the retail network expansion and start-ups of new factories. However, over the past three years, natural gas consumption (reported only for Italy) fell from 1,862,628 m<sup>3</sup> in 2013 to 1,677,146 m<sup>3</sup> in 2015. Consumption of gasoline and kerosene, used mainly as fuel for vehicles (both owned and leased), rose by 37% from 2014.

ENERGY CONSUMPTION		2013	2014	2015
GAS	m <sup>3</sup>	1,862,628	1,804,792	1,677,146
DIESEL AND KEROSENE	l	1,287,250	1,025,337	1,403,059
ELECTRIC ENERGY	KWh	124,138,616	132,874,174	154,879,217

The CO<sub>2</sub> 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 4,196 tons, up by 9% from 2014 due primarily to greater fuel consumption; indirect emissions (scope 2) were 76,355 tons, up from 2014 mainly as a result of the openings of new factories; the other indirect emissions (scope 3), relating to the fuel consumption of the leased fleet, amounted to 2,799 tons of CO<sub>2</sub>, up slightly from 2014.

CO <sub>2</sub> EMISSIONS		2013	2014	2015	
<b>DIRECT EMISSIONS (scope 1)</b>		ton CO <sub>2</sub>	4,544	3,860	4,196
Buildings	ton CO <sub>2</sub>	3,666	3,530	3,279	
Means of transport (owned)	ton CO <sub>2</sub>	878	329	917	
<b>ENERGY - INDIRECT EMISSIONS (scope 2)</b>		ton CO <sub>2</sub>	61,200	65,507	76,355
<b>OTHER INDIRECT EMISSIONS MEANS OF TRANSPORT (Leasing) (scope 3)</b>		ton CO <sub>2</sub>	2,554	2,403	2,799

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.

In the latter part of the year, the Group embarked on a new energy policy aimed to maximize self-generated energy. The new factory in Scandicci is an example of this approach: it self-generates approximately 350 MWh annually, and the entire remaining electricity consumption of 1,500 MWh is provided by 100% renewable energy sources.

#### **FACTORY HEATING AND AIR CONDITIONING SYSTEMS**

After replacing the heating and air conditioning equipment at the Ancona, Montegranaro and Buresta factories, thereby reducing energy consumption by 60% and CO<sub>2</sub> emissions by 67 tons annually, in 2015 the Prada Group replaced boilers, refrigeration units and generators at four other factories (in Carducci, Buresta, San Zeno and Amiata), thereby reducing CO<sub>2</sub> emissions by 107 tons annually.

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

#### **LED**

The Group embarked on an important project to replace store lighting systems with LED technology. In the last quarter of 2014 this activity had involved 42 stores located mainly in Europe.

In 2015 the project was continued with the relamping of 39 additional stores in Europe and North America.

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 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.

The relamping project involves stores opened before 2013, as those inaugurated afterward already used LED lighting.

#### **LEED**

The procedures for platinum-level Leadership in Energy and Environmental Design ("LEED") certification were applied comprehensively, voluntarily and immediately in the Scandicci factory renovation; the international certification will be awarded in 2016.

In December 2015 the Prada Group signed an agreement to obtain gold-level LEED certification for 6 stores in 2016.

### 5.1.2 WASTE

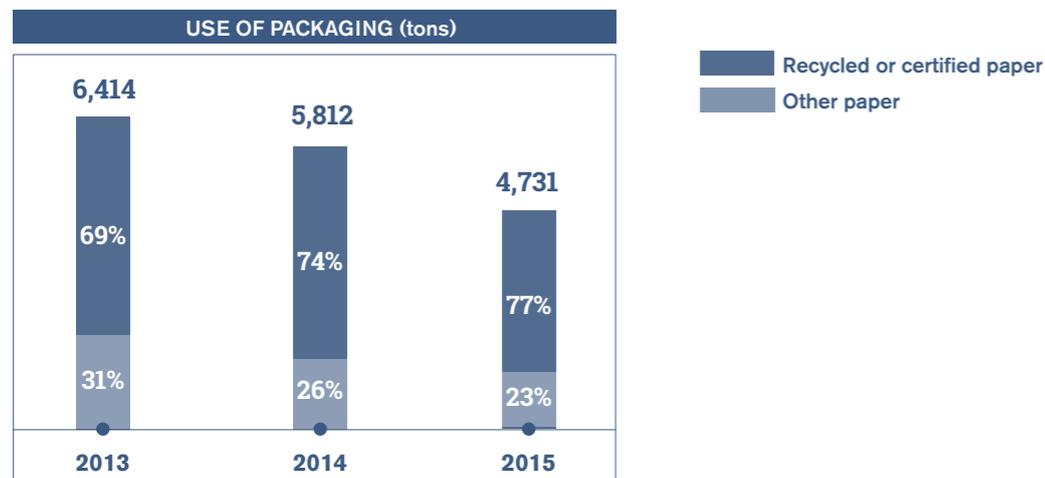
The Group recognizes the importance of responsible natural resource use and waste management.

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.

Waste separation in the workplace has been a valid method of transmitting to the factory and office employees the opportunity to be more attentive to good practices in daily life.

### 5.1.3 USE OF RECYCLED AND CERTIFIED PAPER

In 2015 the Prada Group used 4,731 tons of material to package products worldwide, down by 19% from 2014 mainly as a result of rationalizing and optimizing 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 3% in 2015, from 74% to 77% 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 Group's 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. If that option is unavailable, the Group hires expert architects to ensure that the construction work planned does not take the land, but rather builds the landscape. Indeed, the few newly constructed buildings fit harmoniously into the local areas, without causing disruption.

The Prada Group has more than 240,000 m<sup>2</sup> of factory space, including 200,000 m<sup>2</sup> in Italy. Out of the 27 operational sites in Italy (factories, offices and warehouses), 5 are new manufacturing and corporate facilities (3 of which designed by architect Guido Canali), 3 are repurposed industrial buildings, and many more are cases of reclaimed buildings that had been abandoned or were in a severely deteriorated state.

### 5.2.1 PRADA'S GARDEN FACTORIES

#### THE VALVIGNA FACTORY

The Prada Group's new factory designed by Guido Canali, who had previously designed the factories in Montegranaro and Montevarchi, reflects the balance sought between building structure and nature.

"Restore" a decaying area and "mitigate" the impact on the landscape of the intended building are verbs that describe the task carried out by the Prada Group together with the architect.

In 2015 the raw material stockrooms and cutting rooms began to be used in the 33,000 m<sup>2</sup> of covered space. Upon completion of the project, the manufacturing division, development of the leather goods collection and offices associated with the industrial activities will begin operating.



Since its design, the Valvigna factory has been conceived as a workplace of people and for people that respects nature faithfully. In fact, the complex was designed to closely relate to and respect the environment, with visibly contained volumes; the placement of the building in the landscape was considered before the building itself. This is what makes it fully definable as a "garden factory".

From energy containment and solar panel use to heat recovery and rainwater harvesting, from air distribution to internal noise reduction, LED lighting and hydraulic safety, the features of the building demonstrate the effectiveness of ancient construction wisdom integrated with modern technology.

The work was inspired by the pursuit of quality: with this spirit, technical innovation has been studied over the years in order to implement low energy consumption and attention to sustainability, and the research results gradually made available have been included in a plan animated by traditional common sense (respect for the landscape, defense from hydrogeological risks, rainwater harvesting, northern exposure of sheds).

The inspiring element is the deep conviction that the workplace does not need merely to respond to functional and productive demands, but, conversely, it must be a place where people work. The presence of gardens, green areas and diffused lighting are not so much the pursuit of aesthetic enjoyment as they are a means of refreshment for all those who work there.

Documentation on the Valvigna project can be downloaded from [www.csr.pradagroup.com](http://www.csr.pradagroup.com).



### **PRADA'S GARDEN FACTORIES**

In the late 1990s Prada grew to become a very prestigious international brand, and planned important investments in both the business and industrial spheres.

In those years Prada created unique, iconic flagship stores in New York, Tokyo and Los Angeles, working with internationally renowned architects, and it also engaged famous architects to design its factories, developing them step by step, just as the corporate spirit is used to understanding the future.

In fact, in the 1990s the Prada Group hired architect Guido Canali to design the two other "garden factories" of Montegrano and Montevarchi, in the regions of Marche and Tuscany, respectively.

All themes dear to the architect are present; in Montegrano and Montevarchi there was already great anticipation of the large Valvigna factory, which would be realized only years later. The heavy cement factory and light offices in metal and glass, the large entrance space, suspended walkways and lots of greenery.

### **5.2.2 SCANDICCI: RENOVATION AND ENHANCEMENT**

In 2014 the Prada Group purchased an old, important industrial building that had produced Christmas decorations in Scandicci, near Florence.

Prada had already been present in Scandicci, one of the most important areas in the world for premium leather production. In order to consolidate and expand its presence in that area, it decided to invest in the 11,600 m<sup>2</sup> factory, repurpose it and locate its full-cycle leather goods production there.

The building was restyled and renovated with the utmost respect and care for environmental sustainability, with voluntary implementation of the procedure for the international Leadership in Energy and Environmental Design ("LEED") certification.

LEED aims to award sustainable site development and the decision to renovate existing buildings in densely built-up areas. It is a voluntary building sustainability rating system that evaluates the overall environmental aspects of buildings, analyzing their entire life cycle: from the building design and construction to its operation.

The Group aims to obtain the highest level of certification (platinum). After careful analysis of the initial scenario and improvement possibilities, it was possible to pursue an excellent sustainability level.

In this respect, the new shed roof of the factory was equipped with a solar panels and the entire plant engineering system contains energy-efficient solutions that respect the surrounding area.

In order to improve the access to the building and the exterior quality, the design included architectural solutions that differentiate the types of pedestrian paths and introduce scenic elements such as green facades, flowerbeds and medium-height shrubbery.

Also very important was the outdoor lighting analyzed and then created, which enhances both the volumetric features of the building and the location of the shrubbery and flower beds.

The new factory has been operating since July 2015, when the staff from the former Prada premises of Scandicci was transferred there.

### 5.2.3 RECOVERY OF HISTORICAL HERVY TANNERY IN LIMOGES, FRANCE

In 2014 the Prada Group bought Tannerie Mégisserie Hervy, a French company specialized in leather tanning since 1936 in Isle, near Limoges.

Prada took over the assets of the tannery (plant and machinery) and the local specialized labor, which will gradually be reintegrated to restore the original production capacity. The craftsmanship that for more than seventy years has characterized products made in Limoges is of extremely high quality with respect to competitors worldwide.

Faithful to the local manufacturing tradition, time-honored production techniques and highly specialized manual workmanship, the plant has always produced – and has resumed doing so – extremely supple, premium-quality leather for many uses: clothing, accessories, footwear, luggage, gloves and leather goods in general. Production resumed on September 25, 2015.

The acquisition is part of a vertical integration plan for the Prada Group's value chain, in terms of raw material sourcing, to ensure greater control over the supply chain. At the same time, it serves to preserve the distinctive craftsmanship of the products, while maintaining a case of excellence in the conversion of leather into exquisite products.

Prada's conservative renovation interventions on the historical industrial site focused on protecting employee safety and respecting the environment.

The same attention was dedicated to the improvement of environmental and safety performance. The main interventions and their scale with respect to energy efficiency are summarized

- replacement and disposal of fiber cement roofing with the installation of new panels that will enable the saving of 14 tons of CO<sub>2</sub> annually;
- structural reinforcement of pillars and floors to increase safety;
- repair of water purification plant (50 m<sup>3</sup> of water treated daily);
- electricity and fire suppression systems completely redone;
- new heating system that will enable the saving of 117 tons of CO<sub>2</sub> annually;



- new leather drying system that will bring savings of 24 tons of CO<sub>2</sub> annually;
- new coating plants to ensure 50% savings on chemicals;
- replacement of window frames for a total area of 480 m<sup>2</sup>, saving 17 tons of CO<sub>2</sub> annually.

# GRI CONTENT INDEX FOR IN ACCORDANCE CORE OPTION

INDICATOR	DESCRIPTION	REFERENCES	OMISSIONS
<b>GENERAL STANDARD DISCLOSURE</b>			
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy	Pag. 3	
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	Name of organization	Pag. 53	
G4-4	Primary brands, products and/or services	Pag. 7; 12-14	
G4-5	Location of the organization's headquarters	Pag. 53	
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. 7; 19; 21	
G4-7	Nature of ownership and legal form	Pag. 53	
G4-8	Markets served	Pag. 7; 12-14	
G4-9	Scale of the organization	Pag. 12; 14-15; 19; 29; 32	
G4-10	Total number of employees by employment contract, employment type, region and gender	Pag. 12; 19; 32-33; 35	
G4-11	Percentage of total employees covered by collective bargaining agreements	Pag. 33	
G4-12	Describe the organization's supply chain (number of suppliers, volumes and sourcing markets)	Pag. 12-14; 19-21	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Pag. 7; 11; 53	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Pag. 18	
G4-15	Externally developed economic, social and environmental codes of conduct, principles and charters to which the organization subscribes or which it endorses	Pag. 15; 22	
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	
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	List of all entities included in the consolidated financial statements and those not covered by the Social Responsibility Report	Pag. 53	
G4-18	Explanation of the process for defining the report content and how the organization has implemented the related reporting principles	Pag. 4-6; 52	
G4-19	List of all the material aspects identified	Pag. 5-6; 52	
G4-20	Aspect boundary within the organization for each material aspect	Pag. 5-6; 52	

INDICATOR	DESCRIPTION	REFERENCES	OMISSIONS
G4-21	Aspect boundary outside the organization for each material aspect	Pag. 5-6; 52	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Pag. 53	
G4-23	Significant changes in the scope and aspect boundaries	Pag. 7; 11; 53	
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	List of stakeholder groups engaged by the organization	Pag. 4	
G4-25	Basis for identification and selection of stakeholders with whom to engage	Pag. 4	
G4-26	Approach to stakeholder engagement	Pag. 4-6	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Pag. 4-6	
<b>REPORT PROFILE</b>			
G4-28	Reporting period for information provided	Pag. 53	
G4-29	Date of most recent previous Social Responsibility Report	Pag. 53	
G4-30	Reporting cycle	Pag. 53	
G4-31	Contact points and useful information for questions regarding the Social Responsibility Report and its contents	Pag. 51	
G4-32	Choice of "in accordance" option and GRI Content Index for the chosen option	Pag. 49-52	
G4-33	Policy and current practice with regard to seeking external assurance for the report	Pag. 53 This document is not submitted to external assurance	
<b>GOVERNANCE</b>			
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. 16-18	
<b>ETHICS AND INTEGRITY</b>			
G4-56	Internally developed mission, values, codes of conduct, significant principles for the economic, environmental and social performance, and progress of their implementation	Pag. 15	

**MATERIAL ASPECTS**

INDICATOR	DESCRIPTION	REFERENCES	OMISSIONS
<b>SPECIFIC STANDARD DISCLOSURES</b>			
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
<b>ECONOMIC PERFORMANCE</b>			
G4-DMA	Disclosure on Management Approach	Pag. 14-15	
G4-EC1	Direct economic value generated and distributed	Pag. 14	
<b>PROCUREMENT PRACTICES</b>			
G4-DMA	Disclosure on Management Approach	Pag. 12-14; 21	
G4-EC9	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation	Pag. 21	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
<b>RAW MATERIALS</b>			
G4-DMA	Disclosure on Management Approach	Pag. 20-21; 45	
G4-EN1	Total weight or volume of raw materials used	Pag. 21; 45	
<b>ENERGY</b>			
G4-DMA	Disclosure on Management Approach	Pag. 43-48	
G4-EN3	Energy consumption within the organization	Pag. 43-44	
G4-EN6	Reduction of energy consumption	Pag. 43-44	
<b>EMISSIONS</b>			
G4-DMA	Disclosure on Management Approach	Pag. 43-48	
G4-EN15	Direct greenhouse gas emissions (scope 1)	Pag. 43-44	
G4-EN16	Energy indirect greenhouse gas emissions (scope 2)	Pag. 43-44	
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	Pag. 43-44	
<b>SOCIAL PERFORMANCE INDICATORS</b>			
<b>LABOR PRACTICES</b>			
<b>EMPLOYMENT</b>			
G4-DMA	Disclosure on Management Approach	Pag. 32-34	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Pag. 33	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-DMA	Disclosure on Management Approach	Pag. 35-36	
G4-LA5	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. 35-36	
G4-LA6	Rate of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	Pag. 35	

INDICATOR	DESCRIPTION	REFERENCES	OMISSIONS
<b>TRAINING AND EDUCATION</b>			
G4-DMA	Disclosure on Management Approach	Pag. 27	
G4-LA9	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.
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-DMA	Disclosure on Management Approach	Pag. 17; 32-35	
G4-LA12	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. 17; 32-35	
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
G4-DMA	Disclosure 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	
<b>SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>			
G4-DMA	Disclosure on Management Approach	Pag. 22; 35-36	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Pag. 22; 35-36	In 2015 the Prada Group did not use external companies for carrying out audits with respect to labor practices throughout the supply chain
<b>HUMAN RIGHTS</b>			
<b>NON-DISCRIMINATION</b>			
G4-DMA	Disclosure on Management Approach	Pag. 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
<b>FREEDOM OF ASSOCIATION</b>			
G4-DMA	Disclosure on Management Approach	Pag. 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
<b>CHILD LABOR</b>			
G4-DMA	Disclosure on Management Approach	Pag. 35-36	
G4-HR5	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

INDICATOR	DESCRIPTION	REFERENCES	OMISSIONS
<b>FORCED OR COMPULSORY LABOR</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 35-36</b>	
G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to their elimination	At this time the information needed to cover the indicator (aspect boundary outside the organization) is unavailable	
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 35-36</b>	
G4- HR10	Percentage of new suppliers that were screened using human rights criteria		In 2015 the Prada Group did not use external companies for carrying out audits with respect to labor practices throughout the supply chain
<b>SOCIETY</b>			
<b>COMPLIANCE</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 18</b>	
G4 - SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Pag. 18	
<b>PRODUCT RESPONSIBILITY</b>			
<b>CONSUMER HEALTH AND SAFETY</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 22</b>	
G4-PR2	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. 22	
<b>PRODUCT AND SERVICE LABELING</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 22; 28-31</b>	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Pag. 22	
<b>COMPLIANCE</b>			
<b>G4-DMA</b>	<b>Disclosure on Management Approach</b>	<b>Pag. 22</b>	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Pag. 22	

Additional information on this Social Responsibility Report may be requested to:

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# APPENDIX NOTES ON THE METHODOLOGY



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	Façon	-	Not extended to Façon
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	-	Façon	-	Not extended to Façon
Freedom of association and collective bargaining	-	Façon	-	Not extended to Façon
Child labor	-	Façon	-	Not extended to Façon
Forced or compulsory labor	-	Façon	-	Not extended to Façon
Compliance - product responsibility	Group	-	-	-
Product and service labelling	Group	-	-	-
Customer health and safety	Group	-	-	-
Compliance - society	Group	-	-	-

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

## SCOPE

This document is the Prada Group's third Social Responsibility Report and provides a description of the main initiatives undertaken in fiscal year 2015, i.e. from February 1, 2015, to January 31, 2016, and the 2013-2015 performance trends when available; particularly significant initiatives and events of fiscal year 2016 already known at the reporting date are also included (see pages 16 and 17).

The performance indicators were obtained on an annual basis; the reporting cycle is annual. The reporting boundary is the perimeter referred to in the 2015 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; the remainder is 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.

## REPORTING PROCESS AND 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 2013 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 2013 and 2014 data may differ slightly from the data published in the 2013 and 2014 Social Responsibility Reports due to the aggregation of data that became available after such Reports were published. For the same reason, the 2015 data reflects the best possible estimate using the data available when the 2015 Social Responsibility Report was published.

# CREDITS

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Index: Paper patterns. Ph. credit Brigitte Lacombe / Courtesy Prada

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.

Ph. credit Renato Grignaschi / Courtesy Prada

Pag. 5: Church's historical image / Courtesy Church's

Pag. 7: Historic Prada store in Galleria Vittorio Emanuele II Milan.

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Pag. 8: Prada tessuto vela shopping bag (1978). Ph. credit Albert Watson / Courtesy Prada

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Pag. 9: Miu Miu Madras bag in soft leather / Courtesy Miu Miu

Pag. 10: (left) Church's shoes / Courtesy Church's

(right) Car Shoe, shoe's details / Courtesy Car Shoe

Pag. 11: Pasticceria Marchesi cake / Courtesy Pasticceria Marchesi

Pag. 19: Church's craftsman / Courtesy Church's

Pag. 20: Prada fabrics / Courtesy Prada

Pag. 21: Saffiano leather / Courtesy Prada

Pag. 22: Courtesy Prada

Pag. 23: Prada Spring/Summer 2015 brocade top, detail / Courtesy Prada

Pag. 24: Prada and Miu Miu iconic handbags / Courtesy Prada/Miu Miu

Pag. 25: Church's Shanghai / Courtesy Church's

Pag. 26: Ph. credit Agostino Osio / Courtesy Prada

Pag. 28: Prada Epicenter store in New York Broadway / Ph. credit Ricky Zehavi / Courtesy Prada

Pag. 29: (left) Prada Hangzhou Tower store in China / Courtesy Prada;

(right) Miu Miu Canton Road store in Hong Kong / Courtesy Miu Miu

Pag. 30: Prada Epicenter store in Tokyo Aoyama. Ph. Credit Nacasa & Partners / Courtesy Prada

Pag. 31: (left) "The Iconoclasts" event at Prada Faubourg Saint-Honoré store, Paris.

Ph. credit Phil Meech / Courtesy Prada

(right) Miu Miu Aoyama store opening, Fashion show and party in the

Belle Salle in Shibuya / Courtesy Miu Miu

Pag. 32: Seamstress embroidering a Prada dress. Ph. credit Birgitte Lacombe / Courtesy Prada

Pag. 34: Prada Group Levanello Quality Control Centre, Arezzo (Italy) / Courtesy Prada

Pag. 37: Prada Group factory in Valvigna Arezzo (Italy). Cutting Centre / Courtesy Prada

Pag. 38: Fondazione Prada, Milan. Ph. credit Bas Princen / Courtesy Fondazione Prada

Pag. 39: Robert Gober, Corner Door and Doorframe 2014-2015.

Ph. credit Attilio Maranzano / Courtesy Fondazione Prada.

Pag. 40: Panoramic view, Galleria Vittorio Emanuele II's restored façades.

Ph. credit Nicolò Bagnati / Courtesy Prada

Pag. 41: Prada & FAI: restorer working on Giorgio Vasari's Last Supper /

Courtesy Opificio delle Pietre Dure, Florence

Pag. 42: (from top left) Trembled Blossoms by James Lima; Fallen Shadows by James Lima;

Thunder Perfect Mind by Jordan and Ridley Scott; Castello Cavalcanti by Wes Anderson /

Courtesy Prada.

Pag. 42: (from top right) Muta by Lucrecia Martel; It's getting late by Massy Tadjedin;

Somebody by Miranda July Ph. credit Brigitte Lacombe; Les 3 Boutons by Agnès Varda

Ph. credit Brigitte Lacombe / Courtesy Miu Miu;

Pag. 43: Prada factory in Valvigna, Arezzo. Project by Guido Canali.

Ph. credit Francesco Castagna / Courtesy Prada

Pag. 46: Prada factory in Valvigna, Arezzo. Project by Guido Canali.

Ph. credit Gabriele Croppi / Courtesy Prada

Pag. 47: Prada factory in Valvigna, Arezzo. Project by Guido Canali.

Ph. credit Gabriele Croppi / Courtesy Prada

Pag. 48: Tannerie Mégisserie Hervy, Limoges (France). Ph. credit Agostino Osio / Courtesy Prada

Pag. 52: Prada Double Bag, details / Courtesy Prada

