

**TERMS OF REFERENCE OF
THE REMUNERATION COMMITTEE
OF
PRADA S.p.A.**

Approved by the Board of Directors of PRADA S.p.A. on July 28, 2022

1. ARTICLE 1

PURPOSE AND SCOPE

- 1.1 These terms of reference (the “**Terms of Reference**”) govern the constitution, functions and duties of the committee for the remuneration of the directors (“**Directors**”) and senior management (“**Senior Management**”) of PRADA S.p.A. (the “**Company**”), established by the Board of Directors pursuant to article 21.7 of the Company’s By-laws (the “**Remuneration Committee**” or the “**Committee**”).
- 1.2 To the extent not expressly set out in and so far as consistent with these Terms of Reference, reference is made to the laws and the Company’s By-laws governing the operation and functions of the Board of Directors and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2. ARTICLE 2

APPOINTMENT AND COMPOSITION

- 2.1 The members of the Remuneration Committee shall be appointed and replaced by resolution of the Board of Directors, which shall resolve also upon their remuneration.
- 2.2 The Remuneration Committee shall consist of a minimum of 3 (three) and a maximum of 5 (five) members, chosen among the non-executive members of the Company’s Board of Directors, the majority of whom must be independent non-executive Directors, *i.e.*, meeting the independence requirements set forth in Rule 3.13 of the Listing Rules.
- 2.3 The members of the Remuneration Committee must have adequate expertise in relation to the tasks they have to perform, and at least one of the members of the Committee must have adequate knowledge and experience in financial matters or remuneration policies. The competences of all members of the Remuneration Committee are assessed by the Board of Directors at the time of their appointment.
- 2.4 The Remuneration Committee shall appoint among the independent non-executive directors a chairperson (the “**Chairperson**”), who is responsible for coordinating and planning the activities of the Committee and conducting its meetings.
- 2.5 The Directors agree to serve as a member of the Remuneration Committee only if they believe they can devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities.
- 2.6 If, for any reason whatsoever, including as a result of the termination of their office as a Director, one or more members of the Remuneration Committee cease to hold office, the Board of Directors of the Company shall replace them without delay at the first relevant meeting in accordance with the provisions set out in the preceding paragraphs. The term of office of the members of the Remuneration Committee appointed to replace those who have ceased to serve shall expire at the same time as that of the members in office at the time of their appointment, unless the Board of Directors determines otherwise at the time of their appointment.

2.7 Unless otherwise determined by the Board of Directors at the time of their appointment, the term of office of the members of the Remuneration Committee shall be the same as that of the Board of Directors to which they belong, and the early termination of as the office of any Director, for whatever reason, shall result in his/her simultaneous and automatic termination as a member of the Remuneration Committee.

**3. ARTICLE 3
DUTIES**

3.1 The Remuneration Committee is an advisory and proposing body established within the Board of Directors with the task of supporting the Board in matters concerning the remuneration of directors and executives with strategic responsibilities (“**Senior Management**”), by formulating opinions, recommendations and proposals.

3.2 The Committee shall carry out the following tasks:

- (i) makes recommendations to the Board of Directors regarding (a) the remuneration policy and structure for Directors and Senior Management; and (b) the establishment of a formal and transparent procedure for the development of the remuneration policy;
- (ii) with reference to point (i) above, monitors the concrete enforcement of the decisions adopted by the Board of Directors and verifies, in particular, the actual achievement of the performance objectives;
- (iii) reviews and approves the remuneration proposals for Senior Management, with reference to the objectives and purpose defined by the Board of Directors;
- (iv) makes recommendations or expresses opinions to the Board of Directors regarding: (a) the total remuneration packages (including, for example, benefits, pensions, compensation payments, including any compensation payable for loss or termination of their office or appointment, and other allowances) of individual executive Directors, other Directors who hold particular offices and Senior Management, and (b) the setting of performance objectives related to the variable component of such remuneration. The Committee shall consult the Chairperson of the Board of Directors and/or the Chief Executive Officer(s) about their remuneration proposals for other executive Directors;
- (v) makes recommendations or expresses opinions to the Board of Directors, supported by other internal committee, regarding the setting of parameters for the decision on the variable component of the remuneration related to the objectives achieved on sustainable development in the Company processes, as well as for the identification, evaluation, and management of sustainability goals and policies, risks, and opportunities with respect to environment, social, and governance;
- (vi) makes recommendations to the Board of Directors on the remuneration of non-executive Directors;

- (vii) defines and approves the compensation and indemnities to be paid to executive Directors and managers with strategic responsibilities for the loss or termination of their office or appointment, also ensuring that such compensation and indemnities are consistent with the provisions of the agreement that regulates the relevant office or appointment and, in any case, fair, adequate and not excessive for the Company;
- (viii) reviews and approves compensation agreements relating to the dismissal or removal from office for misconduct or resignation of a Director to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (ix) takes into account the remuneration paid by comparable companies, as well as the time commitment, contractual terms, responsibilities, employment conditions and working hours applied in Group companies;
- (x) ensures that each Director and his associates and/or related parties are not involved in decisions regarding that Director's own remuneration;
- (xi) assists the Board of Directors: (a) in the development and definition of any incentive plans, stock option plans and other long-term plans to be submitted to the Board of Directors for approval; (b) in the definition of the relevant technical aspects related to the drafting and application of the plans referred to in letter (a) above, and (c) in the assessments regarding the incentive system deemed most appropriate (stock option plans, other share-based plans);
- (xii) supervises the application of the incentive systems, stock option plans, and other long-term plans adopted by the Company from time to time, the methods for choosing participants in the plans, the identification of the objectives and the determination of the bonuses as better described in the respective plans;
- (xiii) verifies the achievement of the results envisaged by the various annual and long-term incentive plans and approves the payment of incentives;
- (xiv) expresses an opinion on particular and specific matters regarding remuneration, for which the Chief Executive Officer(s) request an examination by the Committee;
- (xv) periodically verifies, following changes in laws and/or regulations or when it deems it necessary, the adequacy of these Terms of Reference and submits to the Board of Directors any proposals for amendments or additions;
- (xvi) for any service contract to be granted by the Company or any of its subsidiaries to any Director or proposed Director of the Company or any of its subsidiaries which: (a) is for a duration that may exceed three years; or (b) in order to entitle the Company to terminate the contract, expressly requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments, forms a view in respect thereof and advises shareholders as to whether the terms are fair and reasonable, in the interests of the Company and its shareholders as a whole and on how to vote;
- (xvii) shall perform any additional duties assigned to it by the Board of Directors.

- 3.3 The Committee is entitled to access the information and company departments necessary for the performance of its duties and may have access to sufficient financial resources and make use of independent external consultants at the Company's expense, within the terms and limits of the budget established for this purpose by the Board of Directors, as long as such independent external consultants are adequately bound by confidentiality. The Remuneration Committee shall report to the Board of Directors on any use of funds at least once a year.
- 3.4 The Chairperson of the Committee shall inform the Board of Directors, at the first meeting convened, on the activities carried out by the Committee. The Committee shall make available in a timely manner any documentation necessary to enable the Board of Directors to make informed decisions on the matters examined by the Committee.

4. ARTICLE 4
CALL OF THE MEETING, CONDUCT AND REPORTING

- 4.1 The Remuneration Committee shall meet, upon call by the Chairperson, whenever he or she deems appropriate, or when requested by at least 2 (two) members, or in accordance with the calendar of meetings of the Remuneration Committee established with the Company Secretary, in coordination with the meetings of the Board of Directors and the other Committees of the Company.
- 4.2 The notice of meeting, containing an indication of the day, time and place of the meeting and the list of topics to be discussed, should be given by the Chairperson or the Secretary to the Committee members upon request of the Chairperson, at least 3 (three) days before the date set for the meeting by e-mail or any other suitable means. In cases of urgency, the deadline may be shorter. Any documents relating to the items on the agenda shall be made available at the same time as the meeting is convened or subsequently, but in any case sufficiently in advance, except in exceptional cases or for reasons of confidentiality. A copy of the notice should be sent by the Corporate Affairs to the Chairperson of the Board of Statutory Auditors and, in the case as referred to in paragraph 4.6 below, also to the Chairperson of the Board of Directors and to the Company's Chief Executive Officer(s).
- 4.3 Meetings of the Committee may be held in the absence of a formal notice sent in accordance with the above terms and procedures if all its members are present and no one objects to the discussion of the items on the agenda due to inadequate prior information.
- 4.4 Remuneration Committee meetings are chaired by the Chairperson, or in his/her absence or impediment, by the member chosen by those present at the beginning of the meeting, who shall direct, coordinate and moderate the discussion.
- 4.5 At the invitation of the Chairperson, the Company Secretary may attend the meetings of the Remuneration Committee in order to act as secretary of those meetings. Alternatively, the Remuneration Committee may - for one or more meetings - appoint a person who is not a member of the Committee to serve as secretary (the "Secretary").

- 4.6 The Chairperson of the Company and/or the Chief Executive Officer(s), who are not members of the Remuneration Committee, may be invited to attend meetings of the Committee provided that they do not have any personal interest in the matters to be discussed and may not participate in voting at the Committee. The Chairperson of the Committee may from time to time invite any other person to the meetings of the Remuneration Committee, including external third parties, whose attendance may be of assistance to the best performance of the duties of the Remuneration Committee, provided that such external third parties respect the utmost confidentiality and privacy with reference both to the matters dealt with and to the performance of the meetings of the Remuneration Committee they are invited to attend. The Chairperson of the Board of Statutory Auditors (or another Statutory Auditor designated by the same) is entitled to attend the meetings of the Committee.
- 4.7 In the event that the attendee has a personal interest or has an interest on behalf of third parties with reference to the subject matter of the resolution, he/she shall inform the Committee and the provisions of Article 2391 of the Italian Civil Code shall apply. It is understood that no Director shall take part in the Committee meetings in which proposals are made to the Board of Directors regarding his/her own remuneration.
- 4.8 Meetings of the Remuneration Committee may also be held exclusively by means of telecommunications, provided that all the attendees can be identified and that such identification is recorded in the relevant minutes and that they are able to follow the discussion, participate in real time in the discussion of the items on the agenda, vote by open vote (*voto palese*) in the cases in which a vote is taken, and view, receive and send documents. Meetings of the Remuneration Committee are considered validly held even if the Secretary and the Chairperson are in different places. In this case, the meeting is considered to have been held in the place where the Chairperson is based.
- 4.9 For meetings of the Remuneration Committee to be validly constituted, the absolute majority of the members in office is required. Resolutions are passed by an absolute majority of votes; in the event of a tie, the vote of the person chairing the meeting shall be decisive. Votes may not be cast by proxy and each member is entitled to one vote.
- 4.10 The Secretary of the Remuneration Committee should prepare minutes of the meetings in sufficient detail of the matters considered and decisions reached, including any concerns raised or dissenting views expressed. Draft minutes are submitted to the Chairperson and the other members of the Remuneration Committee for comments within a reasonable time after the meeting is held, and the minutes are generally approved at the next meeting of the Committee. The Chairperson of the meeting and the Secretary sign the minutes of the meetings which are kept by the Secretary in chronological order. Final versions of minutes of the meetings should be sent to all members of the Committee for their records within a reasonable time after the meeting.

5. ARTICLE 5
FINAL PROVISIONS

- 5.1 These Terms of Reference are available to the members of the Board of Directors and the Board of Statutory Auditors at the registered office of the Company and at the place where the Remuneration Committee is convened and published on the website of the Company and the Hong Kong Stock Exchange.
- 5.2 Any amendments to these Terms of Reference must be approved by the Board of Directors of the Company.