



SUSTAINABILITY REPORT
2021 MAIN HIGHLIGHTS

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LETTER FROM THE CEO



Dear PRG stakeholders, 2021 will remain in the history of our Group as the year that saw PRG exceed the milestone of one billion Euros in net sales, despite all the restrictions and obstacles imposed by the pandemic. The credit goes to the extraordinary passion, professionalism, and determination with which we reacted all together to unforeseen events and adversities, with the purpose of continuing to take care of our 27 million customers every day.

In all the nine countries in which we are present, in all physical or digital touchpoints of our ecosystem, we have never stopped to provide our active support to families, children, new mothers and fathers. Indeed, we responded to the emergency by adopting innovative services and accelerating processes to facilitate the lives of thousands of parents, assisting them in raising their children with our essential products.

The knowledge we have been acquiring in those difficult months has enhanced the cohesion in our Group and further strengthened the awareness on the importance of our role, as well as the sense of responsibility aimed to guide our daily actions and to contribute to an authentic sustainable development of families and the whole society.

We therefore confirm, with even greater conviction, the strategic path undertaken through our brands and products, and through the setting of projects and contents, committed to a significant reflection to be shared with stakeholders and suppliers: what impact our today's decisions can have on the generations to whom we dedicate so much effort and attention every day?

Here are the five pillars and tangible actions we will continue to pay particular attention to:

- Further **reduction of the emissions** for a **better climate**: during the last three years we have halved Scope 1 and 2 emissions, thanks to the transition to electric energy from renewable sources, and we do not intend to stop there;
- Investments in **training and in professional and personal growth** of PRG people, through initiatives designed to be implemented anywhere across Europe, for growing up all together at the same pace;
- Effective and constant **commitment to the local communities** and regions we are present in, through the promotion of solidarity initiatives shared with our customers, and the realisation of important projects aimed at encouraging inclusion and research.
- **Better and more reliable products**: from the selection of raw materials to the certification of production processes, up to the assistance at the end of the product's life cycle and for the correct disposal;
- **Responsible value chain**, based on control of the supply chain and the improvement of the social and environmental performances by our suppliers;

My hope and commitment is that the future we are planning with our stakeholders can be increasingly devoted to a truly sustainable and inclusive Kids&family Hub, able to welcome and support families all over Europe, sharing our ongoing growth with them.

Grow with us

A stylized, handwritten signature in black ink, reading 'Amedeo Giustini'.

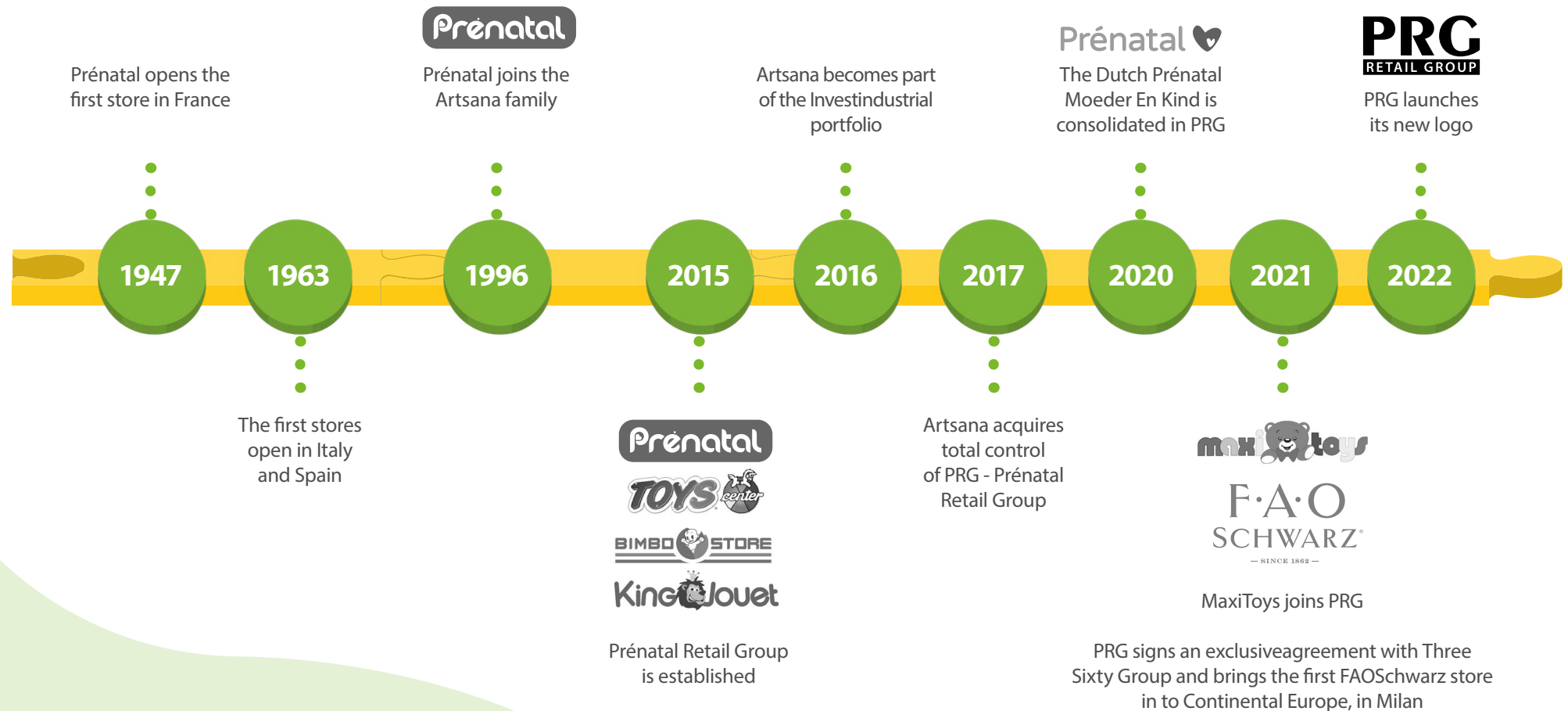
Amedeo Giustini
Group Chief Executive Officer

A PASSIONATE, OPEN-MINDED AND RESPONSIBLE GROUP

Identity and brands

"Grow with Us" summarises and fully expresses our desire to envision an amazing project, day by day: growing with children and families, bringing value to their lives and their world, together with our partners.

We want to consolidate our role, through this vision, as leading kids&family European hub, and strengthen the unique, long-lasting relationship of trust, which is already the point of reference for 27 million families. PRG is continuing its growing path year after year including new brands in the portfolio. Globalisation is becoming a key feature for PRG, which is constantly working towards connecting different cultures, countries and companies under same the values and passion.



Our structure

Through an accurate long-term strategy of diversification and partnerships with major players in the sector, PRG stands today as a leading player in the market, the parent Company of 24 different operating companies, which bring value to customers through 5 brands across 9 countries.

The most recent brand to join the Group is Maxi Toys, a French company participated by King Jouet and a long-experienced operator in the sector. The consolidation took place in November 2021 and added 120 points of sale between France, Belgium and Luxembourg to PRG network.



24
operating companies



5
brands



9
countries



912
stores



€1,055
million revenues
in 2021

Market presence

The PRG business model relies on the retail of a wide range of products relating to childcare in order to meet the multiple needs of families and children up to the age of 8.

With **5,072 employees** over the world, the Group's presence is mainly focused in Europe: its **912 stores**, both directly managed and in affiliation, are located in Italy, France, the Netherlands, Spain, Portugal, Greece, Switzerland, Belgium and Luxembourg.

In terms of revenues, the Group generated over **€1,055 million in 2021**, the majority of which (86.3%) directly from points of sale, while a minority comes from (6.8%) wholesales and from (6.6%) e-commerce.

LET'S GROW TOGETHER

Being deeply aware of the importance of acting in a responsible and sustainable way, particularly towards people and the environment, PRG is committed to building fair and long-standing relationships with all of its stakeholders.



Let's Grow Together perfectly represents the long sustainability journey that will allow us to grow and learn over the years, with the invaluable support of customers and various stakeholders. Secondly, PRG's growth will go hand in hand with the growth of children and families, year after year in a responsible way to help ensure a future for the next generation.

The review of PRG's materiality was the final preparatory step for the definition of 5 pillars around which the strategy will be built.

1

Making Good Products

focused on products in terms of **design, use of raw materials, quality control, packaging and end-of-life management**

2

Supporting a responsible value chain

monitoring suppliers' environmental and social performance, being sure that workers' rights are safeguarded and the environmental aspects of production are monitored to understand how to minimize the impacts

3

Fighting for a better climate

monitoring trends in GHG emissions over different years and **identifying reduction activities**, in view to achieve carbon neutrality

4

Valuing our people

implementing a **welfare system for PRG's employees**, with particular attention to their growth and training as well as their engagement

5

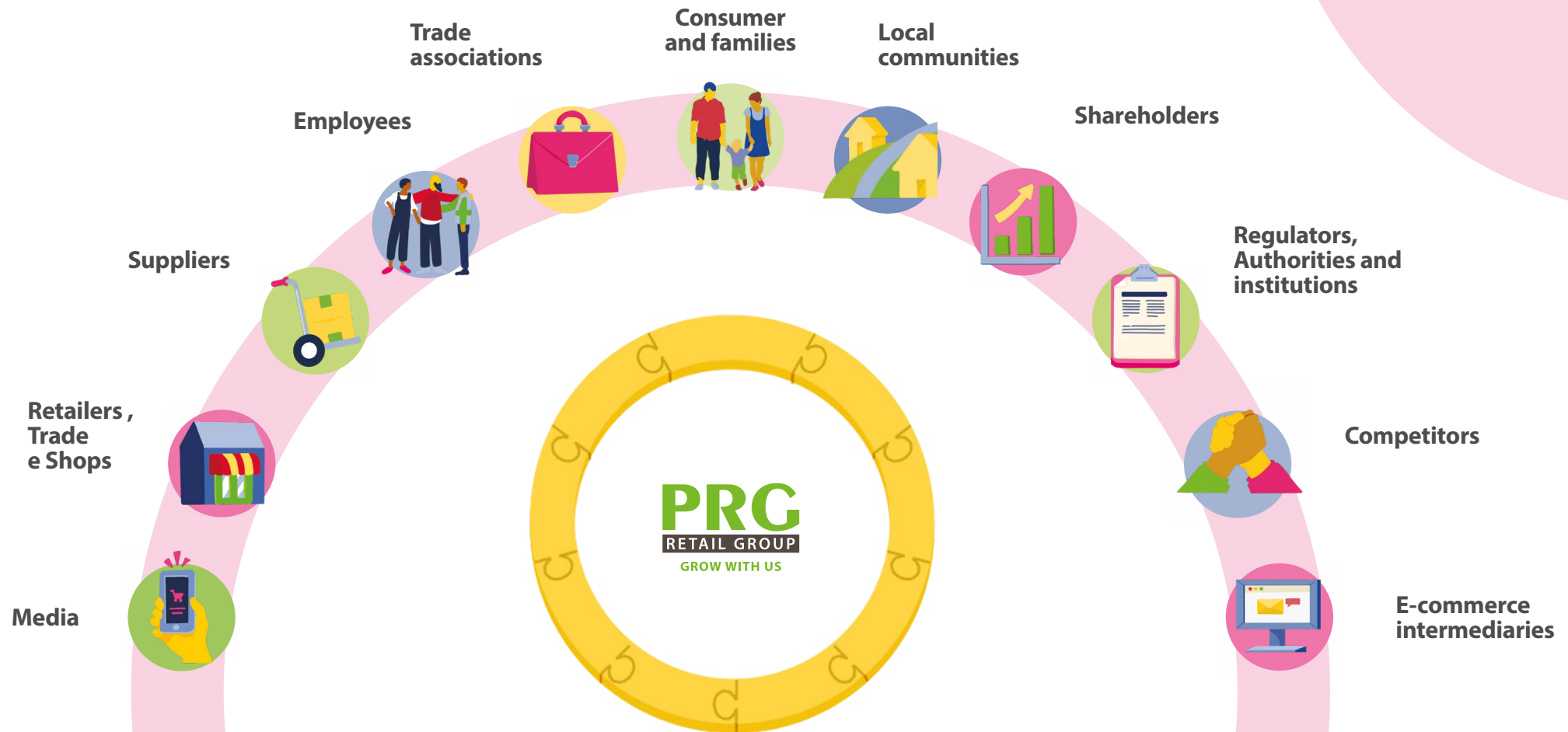
Growing Responsibly

is directed at customers, with the aim of guiding them towards **more informed buying choices**, and towards children, raising their **awareness on sustainability** topics

Stakeholders

With an international fast-growing company, internal and external PRG stakeholders are constantly changing and growing in number.

PRG mapped all internal and external stakeholders in order to identify which were the most strategic and to better understand their different needs and requirements. From an updated analysis, **11 most relevant stakeholders' categories** have been identified, based on their level of influence and mutual dependence on PRG.



Research conducted by BVA-DOXA and PRG's Observatory on Contemporary Families

FOCUS ON: Sustainability suspended between saying and doing



Prénatal Retail Group's Observatory on Contemporary Families was set up in 2020 with the aim of generating value and enhancing the connection with Italian families and bringing to the stakeholders' and public opinion's attention some indicators that guide and influence their dynamics and attitudes, with surveys on both demographic samples and panels of Group's employees.

With the scientific support of an experienced partner, BVA-DOXA, the Observatory focused on three social research projects so far: *"La sfida dei genitori italiani nell'Italia del 2020"* ("The challenge of Italian parents in the Italy of 2020"), which investigated the values and milestones of family life before and after the pandemic. The second project ("Children? Yes! 3 Italians out of 4 are thinking of having a child in the next 5 years" analysed the propensity to parenthood in a sample of 25–40-year-old Italians.

In 2021, the third social research project was carried out, centred on the topic of Sustainability. The survey "Sustainability: a practice suspended between saying and doing" was created with the aim of understanding how many people really know and apply this often-quoted word in their daily lives. The survey involved a panel of 1,948 people, of which 1,000 were parents of 0-14 years-old children and 948 PRG employees.

The results of the survey are of high importance for PRG to define the sustainability topics on which train and educate both PRG's employees and potential and actual



SURVEY RESULTS

64%
among Group's employees
considers strategic the
suppliers' engagement
and compliance with
social and environmental
responsibility



only 28%
of the respondents
expresses real
awareness on
sustainability topics

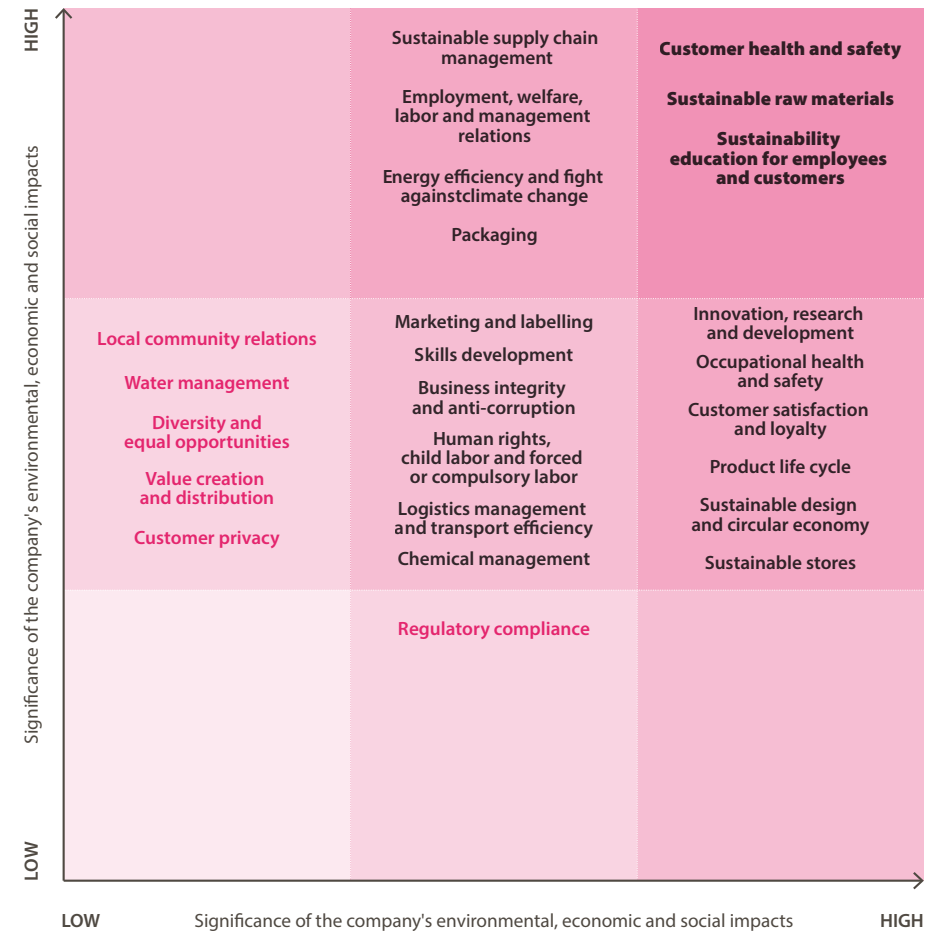
customers.

The activities and contents produced by the Observatory are also of high interest to the Italian media: data from the first surveys were taken up by major daily newspapers and press agencies, business, lifestyle and sector publications at National level, generating over 135 articles over the two-year period 2020-2021.

Material topics

In line with the requirements of the GRI Standards, PRG has identified the topics to be addressed in the Sustainability Report through a materiality analysis. The aim of the materiality analysis is to identify issues that reflect the economic, environmental, and social impact of the Group and deeply influence the assessments and decisions of the stakeholders.

Specifically, PRG's materiality analysis has led to the following results:



MAKING GOOD PRODUCTS

The products are the distinctive feature of PRG's brands and as such, they reflect the principles of sustainability that the Group embraces.



PRG offers the market a wide and comprehensive range of articles and, aware of the need for a radical reduction of its impacts, it wants to build an ambitious path in gradually rethinking materials, processes, packaging and end of life of private label products.

To give a clear and comprehensive overview of what **"Making Good Products"** means to PRG, the chapter has been divided into four sections, referring to the different dimensions affecting PRG products: the first of these focus on **Health and Safety of the products**, the second on **Sustainable Raw Materials** for **Toys** and **Textile**, a focus on **Packaging**, and a final section on **Product End of Life**.

Safe products

PRG is committed to guaranteeing the highest standard of product safety to protect the health of its customers.

For this reason, within the contracts regulating relations with suppliers, PRG decided to add a physical and chemical technical document called "Product's safety and quality requirements".

The specifications set technical limits to be met for all types of products (toys, textile, hard goods and baby care) in line with regulatory compliance, and even more stringent in case of textile where the limits are those set by STANDARD 100 by OEKO-TEX®.

Toys and Childcare articles



100%

products tested to be compliant with performance, chemical and safety requirements

Textiles articles during 2021 collections



3,250
performance
tests



2,165
safety and
chemical tests

Since 2021, PRG adopts the strict protocol of STANDARD 100 by OEKO-TEX® scheme, an independent and internationally uniform testing and **certification system that aims to ensure that textile products are free of toxic substances and therefore safe for human health and the environment.**

Prénatal has obtained **STANDARD 100 by OEKO-TEX® class I certification** (Articles for newborns and young children up to 3 years of age) for new-borns, kids and mother-to-be garments and household and bed linen in order to further enhance the already structured controls with additional chemical tests with even more stringent limits.



Likewise, PRG has decided to use STANDARD 100 by OEKO-TEX® certification for **21 articles of "Baby Smile" Soft Toys line.** The line is suitable for newborn babies and children of up to three years old, and therefore requires utmost attention to materials.

Sustainable Materials

All private label product and buying teams are committed to gradually increasing the use of raw materials with lower social and environmental impact. At the materials manufacturing stage various impacts arise such as water, energy, chemical use and GHGs emissions with long supply chains where workers' rights and principles of health and safety need to be safeguarded. In the following sub-sections, a detailed view related of the current projects delivered by the Business Units is presented.

Toys

Toys are a first example of the "Making good products" pillar. In 2021 the Toys product team has continued its work on offering products made with more sustainable materials.

Within the line AmiPlush, **Eco Nation**, a co-branded project of plush toys generated from recycled plastic bottles, was born.

In particular the **Wood'N Play collection represents all the sustainability principles PRG stands for.**

1
Plush



=

8
500 ml
plastic bottles



INTERVIEW

Wood'N Play: a responsible wood line

Elisabetta Guzzon,
Toys Private Label Director

**WOOD'N
PLAY**



How would you describe the Wood 'N Play initiative?

EG: Wood'N Play is PRG's collection of toys with a specific focus on wood sustainability features, launched by the Group in 2020 with 100% of the products made with **FSC (Forest Stewardship Council) certified wood**. This is a very sizeable line in terms of production volumes (90 products), sold in every country in which we operate. We decided to choose the FSC label as the certification scheme guarantees that the product comes from responsibly managed sources and is based on ten globally applicable rules covering the essential aspects of responsible forest management. We thought that having a third-party certification was important to express our commitment to our customers. FSC certified products have been expanded to other private label lines such as Love Bebè.

The materials of the toys are FSC-certified, but not only that, as the certification has been extended to the packaging as well.

EG: Exactly, not only is the wood in the articles FSC-certified, but we felt it was necessary to take the next logical step and ensure that all the packaging for Wood'N Play products was also certified. This means gradually eliminating all materials other than wood, paper or cardboard, and we also made sure that the packaging was as mono-material as possible, in order to facilitate its recycling after use.

Sustainability is undeniably at the heart of the collection, but that's not all since there is an equally important theme of innovation. How are the two linked?

EG: The reasoning we started out with came from the question: "How can we innovate a line of toys that are considered traditional, updating it to meet new needs and market trends?". The answer we came up with was this collection, in which the innovation lies in the use of sustainable materials, certified by FSC, the leading forest resource management body. I would also add that tradition played a significant role in the conception, production, and commercialisation of the Wood'N Play line, since wood is the material of classic games, those that brightened up the childhoods of our parents and grandparents.



How can we innovate a line of toys that is considered traditional, updating it to meet new needs and market trends? The answer was this collection, in which innovation lies in the use of sustainable materials, certified by FSC, the leading forest resource management body.

How was the response from customers?

EG: We can say without a doubt that the initiative has been a success internationally, due to several factors, the main ones being the unique design of the products and the strong focus on sustainability of materials and packaging. Customers, the ultimate judges of the project's merits, were very satisfied because, as fewer and fewer are willing to compromise on product safety, on the nature of raw materials and packaging, they found the added value they were looking for in Wood'N Play. Given the success of the line, we are adding new pieces every year to offer a wider range of themes. In 2021 together with STANDARD 100 by OEKO-TEX® certified products, FSC certified Wood'N Play line represents 10% of our private label portfolio.

Textile

Starting from 2021, Prénatal product team focuses on finding an alternative to conventional synthetic fibres, which are impactful in terms of energy used and GHGs emitted during the production phase.

Moreover, using recycled polyester allows us to “give new life” to materials that eventually become waste. Therefore, Prénatal launched **a line of jackets made with post-consumer recycled polyester**.

25%
of the jackets and waistcoats
are made with post-consumer
recycled polyester

46%
of Prenatal Moeder
& Kind BV cotton
is organic

Similarly, in 2021 Prénatal together with Prénatal Moeder & Kind BV began the process of joining **Better Cotton**, a global non-profit organisation that leads the world's largest cotton sustainability programme. Cotton being one of the most important materials in



terms of volume, the brand decided to commit to a globally recognised initiative that would support Prénatal in sourcing cotton in a “better way”. **Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment.**

Prénatal Moeder & Kind BV and Organic Cotton

Prénatal Moeder & Kind BV has been sourcing increasing quantities of organic cotton for its private label articles, opposed to traditional cotton, growing from a percentage of 21% in 2020 to 46% in 2021 and with the ambitious target of increasing this percentage to 67% by 2024.

Assessments conducted prior to the launch of this strategic operation showed that the ecological footprint is considerably lower for a kilogram of organic cotton than of conventional cotton.

Packaging

Packaging is another aspect of “Making Good Products” pillar. The approach of producing sustainable products holistically cannot ignore its packaging, the responsible management of which is the subject of the “Guidelines for Better Packaging”, drawn up in 2021.

The guidelines specify that packaging is considered low-impact when it is:

- **compact** and of the **correct size** for the product to avoid wasting unnecessary material and to reduce the impact of transport;
- **recyclable**, so preference should be given to mono-material packaging, or easy to separate if made of different materials, made of highly recyclable materials;
- **reusable** for the same or different uses from the one it was designed for; at least partially **made of recycled materials** and/or from sustainable sources (e.g., FSC).



With the Toys product team, after training sessions dedicated to packaging, efforts were concentrated on redesigning packaging and choosing materials with a lower impact.



TOYS

100%

Wood'N Play packaging
is FSC certified

100%

STANDARD 100 by OEKO-TEX®
Baby Smile soft toys
packaging is FSC certified



TEXTILE

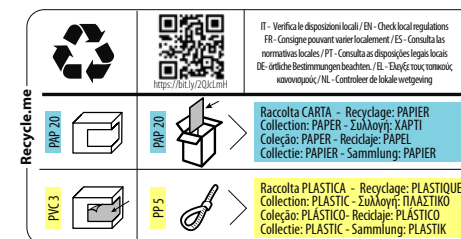
100%

Prénatal paper shoppers
are FSC certified

88%

Prénatal tag are
FSC certified

The last aspect that needs to be addressed is the project related to the **environmental labelling**. PRG revised the labels to show the composition of the packaging, as well as how the packaging should be disposed of. The process also involved the creation of a website, 'Recycle.me', to which the QR code on the labels directs.



scan the QR to know more

Product end of life

The “Making Good Products” proposition would be incomplete without a focus on the end-of-life of products. This is often considered a secondary aspect, when in fact it is of major importance, given the fact that most of the products and materials do not have a second life but, as studies confirmed, end up in landfills, incinerators or, even worse, in the environment.

Forever
YOUNG

20%
PRG Consumers registered
on the online platform

As part of its effort to extend the life cycle of products and, at the same time meet families' needs, in 2020, Prénatal launched **Forever Young**, an appraisal programme for used items that gives back up to 50% of the purchase value.

The project, which became fully operational in 2021 and is the first of its kind dedicated to childcare in Europe, allows for extension of the life of the returned product. Consumers have the opportunity to return the products via an online platform.



The double objective of the project is, on one hand, to help families from an economic point of view and, on the other hand, to ensure a useful reuse for a better future.”



FOCUS ON: King Jouet circularity projects

France is one of the European countries that pays the most attention to the final disposal of products, particularly toys, having introduced the “Anti-Wastage and Circular Economy Law” in February 2020.

In this regulatory context, King Jouet is working on several projects to increase the lifecycle of toys.



2,000
spare parts available
on the e-commerce
during 2022

“Spare parts project”: King Jouet will launch the possibility to buy, through its website, spare parts for its toys, which are used to guarantee consumers' right to repair. The initiative will focus on certain categories of toys, such as outdoor games, electric vehicles, board games, construction games and remote-controlled cars.

Toys collection and reuse: under the King'Okaz brand, King Jouet will offer the opportunity to return unused toys, which will be put on sale to new customers as secondhand items. The goal is to reach the threshold of 30% of the assortment of King'Okaz stores composed of recovered items, as well as opening seven new stores in 2022.

SUPPORTING A RESPONSIBLE VALUE CHAIN



The Group is aware the journey is long and complicated but it's fundamental to know that all the actors of the supply chain share the same principles of sustainability, responsibility and ethics.



Code of Conduct for suppliers

As for private label products, PRG¹ counts approximately 250 partners, primarily located in the Far East (China, India and Bangladesh), Near East (Pakistan and Turkey), Central Asia and Europe.

Given the multiplicity of suppliers and the variety of national regulations to which they are subject, the Group defined a set of indispensable and essential behavioural criteria that must be shared with all suppliers, regardless their location, as a mandatory prerequisite for establishing any business relationship.

These criteria are outlined in the Code of Conduct for Suppliers, which must be adhered to by all suppliers and which aims to promote and assure the fundamental rights of employees, the safety of buildings and respect for the environment.

¹All information, data and figures in this chapter are related exclusively to Prénatal Retail Group S.p.A., Prénatal S.p.A. and King Jouet S.a.s. except where expressly indicated.

Supplier qualification and monitoring procedure

In order to ensure continuous and close monitoring over all the supply chain and to avoid any possible risk generated by improper conduct of the business partners, PRG has developed a structured approach, inspired by the Due Diligence guidance for Responsible Business Conduct drafted by the Organisation for Economic Cooperation and Development (OECD).

As a natural development of the previous procedure, PRG's supply chain management is organised into four interconnected steps:



1. VERIFICATION OF MINIMUM REQUIREMENTS



2. ON BOARDING



3. MONITORING



4. FOLLOW-UP AND DATA UPDATE

As further development in this direction, PRG has the objective of continuing to strengthening the qualification and monitoring system, and also to introduce environmental criteria in the years to come, as well as to create a vendor rating system based on the social and environmental performance of suppliers.

FOCUS ON: The International Accord








In 2021 PRG has confirmed its commitment to guaranteeing a safe and healthy working environment in the textile factories located in Bangladesh with another 170 fashion companies from around the world.



The Accord on Fire and Building Safety in Bangladesh has now become the International Accord for Health and Safety in the Textile and Garment Industry and it has been programmed to last 2 years starting from September 2021.

While signatories commit to focus on OHS in Bangladesh, the agreement expanded its scope. Feasibility studies are currently ongoing aimed at defining other countries, in addition to Bangladesh, in which to implement the scheme.

PRG actively engages with the International Accord team and locally in Bangladesh with the RMG Sustainability Council (RSC) in charge of implementing the technical inspections and trainings. All the actors jointly work to set up improvements plans.

							
	Factories	Covered by the International Accord	Inspections on factories	Total number of training hours on Health and Safety in the factories	Progress rate Electrical (average)	Progress rate Fire (average)	Progress rate Structural (average)
Prénatal S.p.A.	19	100%	7	100	98%	91%	96%
Prénatal Moeder & Kind BV	7	100%	2	27	95%	86%	82%

PRG is constantly committed to sharing information and data related to its supply chain collected in the supplier qualification and monitoring process in a transparent way.

			
	TEXTILE	TOYS	CHILDCARE
Number of direct suppliers 91 107 41
Number of active factories 118 140 45
Signatories of PRG Supplier Code of Conduct 100% 100% 100%

FOCUS ON: Suppliers' social assessment in Prénatal Moeder & Kind BV



Further specific and well-established supplier assessment schemes have been developed by Group's subsidiaries. Prénatal Moeder & Kind BV, for instance, is member of Amfori, the International community that offers holistic trade, social and environment services to improve the resilience and sustainability of sourcing strategy.

On top of that, the Company is also signatory of a sectorial agreement. Besides the International Accord, in 2016, Prénatal Moeder & Kind BV signed **the Dutch Agreement on Sustainable Garment & Textile**. The aim was to work closely with unions, NGOs and expert organisations on various social and environmental topics.

FIGHTING FOR A BETTER CLIMATE

GHG Inventory 2021

PRG is conscious of the impacts generated by its operations and more significantly along its value chain.

At the same time, PRG's commitment to an increasingly wide and transparent disclosure is directed at the progressive extension of its Greenhouse Gas (GHG) Inventory, by gradually broadening the scope of reporting. Indeed, in continuity with last year's effort, PRG calculated its GHG inventory for 2021, and it is currently defining the methodology for the calculation of additional emission categories.

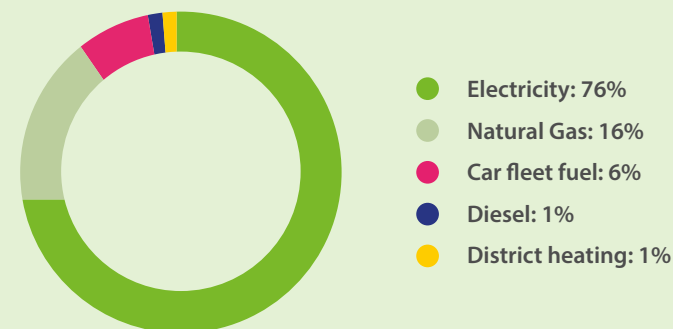


-16%
energy consumption
decrease in 2021
compared with 2020

In relation to the Group's activities, the main impacts are related to the management of the points of sale, headquarters and central warehouses and logistics activities.

The total **energy** consumed by PRG in 2021 amounted to 239,571 GJ, **with a decrease of over 16%** compared with the previous year in line with the suspension of activities in many Group's stores during 2020 and to the halt to travels due to the Covid-19 restrictions.

Energy consumption by source in 2021



In 2021, a large part (25%) of total emissions were generated outside the Group's boundaries, by upstream and downstream logistics, and, to a lesser extent, by business travels (Scope 3). A slightly smaller share came from electricity consumption in stores, offices and premises (Scope 2). The purchase of guarantees of origins (GO) covering the electricity consumption for the stores in Italy² allows the Group to cut Scope 2 emissions by 71%³. Lastly, 17% was related to refrigerant gases from air conditioning systems, boiler fuels and the corporate cars fuel (Scope 1).

PRG GHG EMISSIONS SOURCES

SCOPE 1

heating and
cooling systems
car fleet
refrigerant gases

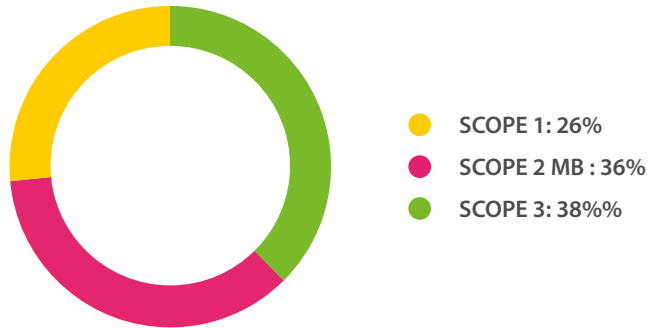
SCOPE 2

electricity
district heating

SCOPE 3

upstream and
downstream logistics
business travels

Distribution of PRG's GHG emissions in 2021



As a first step towards the expansion of the calculation of its GHG Inventory, in the first months of 2022, emissions from employees' commuting (category 7) were calculated in a total of 2,444 tons CO_{2eq}. The calculation is based on a survey submitted to the entire workforce in different countries, investigating the distance travelled every day by the employee to get to the workplace, the means of transportation and the days worked remotely. PRG is also currently calculating the emissions generated by all purchased goods (category 1) in view of future reporting.

Strategy for cutting GHG emissions

In line with the path recommended by the most widely adopted standards for carbon neutrality, the Group is committed to abating its GHG emissions through a three-level strategy including energy saving initiatives, the purchase of energy from renewable sources and carbon offsetting for that part of operations still not decarbonized.

THREE LEVERS FOR GROUP'S CARBON NEUTRALITY



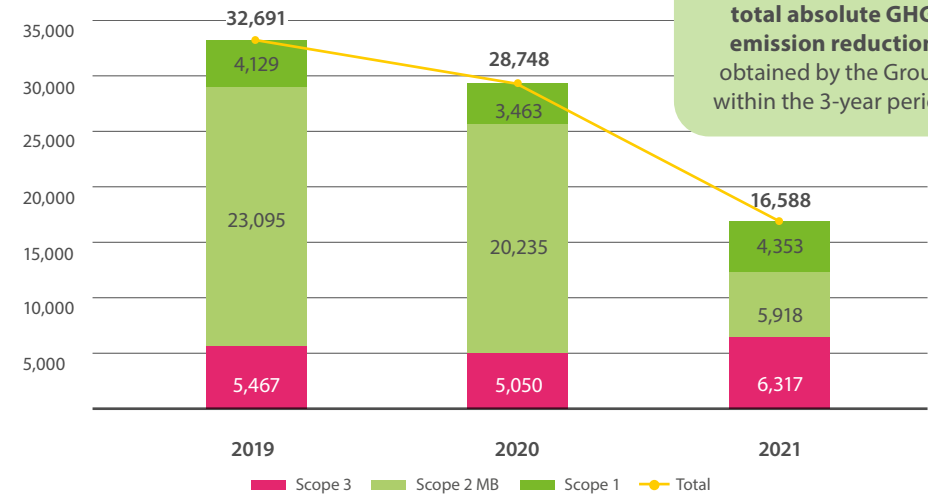
ENERGY EFFICIENCY INITIATIVES



ELECTRICITY FROM RENEWABLE SOURCES



CARBON OFFSETTING PROJECTS

PRG GHG emission (tCo_{2eq})

As a result, Group's GHG emissions drop by 49% in three years.

PRG's commitment to an efficient use of energy sources is primarily reflected in its constant effort to reduce energy consumption through, for instance, **re-lamping interventions**, such as the gradual replacement of old lighting installations with new LED lights and the revamping initiatives for the **replacement of old air-conditioning systems** with new systems in existing shops and installation of state-of-the-art air-conditioning systems in new shops.

€2.1

million invested in
efficiency projects
between 2019 and 2021

61

stores with new
lighting systems

1,338.5

MWh saved

25

stores with new
conditioning systems

On top of the strong decrease obtained through renewable energy and energy saving initiatives, from 2020 the Group decided to purchase carbon credits to compensate for its overall GHG Scope 1 and Scope 2 to become carbon neutral (-10,271 tons of CO₂ equivalent) on the activities falling within the reporting perimeter.

FOCUS ON: The carbon offsetting projects

Since 2020, PRG's carbon neutrality has been achieved by balancing carbon emissions with offsetting, thus using carbon credits coming from positive impact projects.

As for last year, the two projects PRG bought the credits from are the "Great bear forest carbon" and the "Guatemalan conservation coast".

Data related to Guatemalan Conservation Coast Project

**30**

threatened species
protected

including the Baird's tapir
and West Indian manatee

**54,157**

hectares of threatened
forest protected

in the Mesoamerican Biological
Corridor

**487**

jobs for indigenous
and local
communities

**5.3**

million tonnes
of CO₂ emissions
avoided

VALUING OUR PEOPLE

This pillar gathers all the projects related to the People who shape PRG business and values. PRG is committed to offering the best service and environment for all, from the stores to the headquarters and local communities in all the countries. The complexity of the structure given the high number of subsidiaries, the internationality and heterogeneity represent a great challenge but also a great incentive to create a solid and healthy Group structure.

Our employees

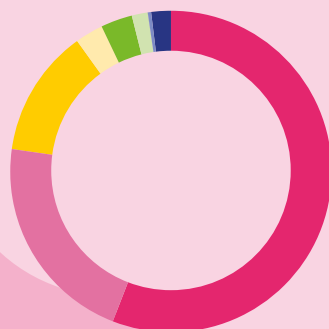
At the end of 2021, PRG Group's **total workforce amounted to 5,072 people²**, with an increase of 5.6% compared to 2020 (3.6% compared to 2019). To the total number of employees, a small fraction of interns and agency workers must be added.



5,072
PRG's
employees

The Group's workforce is employed either directly by PRG or by its several subsidiary companies, spread over 8 different countries.

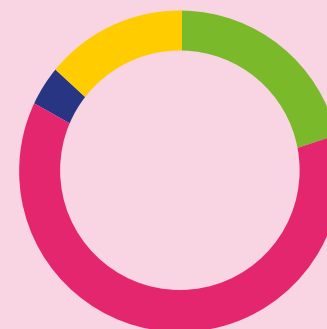
Employees by region (2021)



- Italy: 55.3%
- France: 21.3%
- The Netherlands: 13.4%
- Spain: 3.0%
- Greece: 3.4%
- Portugal :1.4%
- China: 0.2%
- Switzerland: 2.0%

Regardless of age, region and professional category, **PRG strives to build solid and long-lasting relationships with its employees, as a fundamental element of trust and commitment for a stable growth of the communities where it operates.**

Employees per type of contract (2021)



- Permanent male: 20.2%
- Permanent female: 62.6%
- Temporary male: 3.6%
- Temporary female :13.6%

Hiring and turnover rates³ significantly vary on the basis of the general trends and sales volumes in the stores. Despite the continuation of the Covid-19 pandemic, PRG's hiring rate increased from 23% in 2020 to 31% in 2021. This figure is particularly marked in Italian companies, in which the number of hirings rose from 367 in 2020 to 651 in 2021.

For the sole PRG for instance, 2021 rates are 15% for hirings and 13% for terminations⁴.



+6%
employees
in 2021

²The total workforce increases to 5,337 people considering the consolidation of Maxi Toys and Logitoys in November 2021.

³Hiring and turnover rates are calculated as the number of hirings and voluntary and non-voluntary terminations respectively per year over the number of total employees at the end of the reporting period.

⁴The overall turnover rate, including temporary resources, increased from 25% in 2020 to 29% in 2021, that was the same percentage registered in 2019. For further details see Appendix.

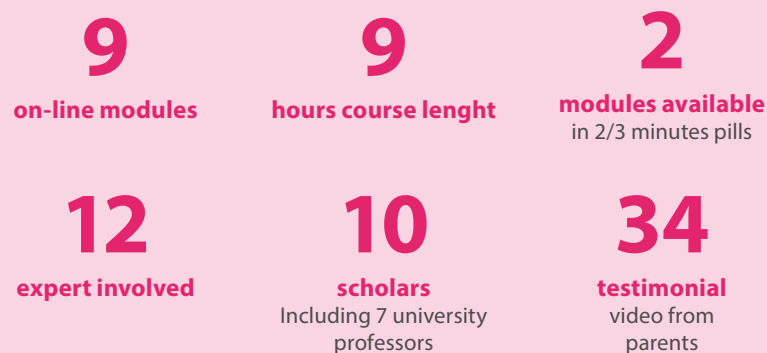
Life work balance

In 2020, Prénatal launched “**Parental Skills at Work**”, a project to foster the application in the working world of the skills developed by parents and care givers.



The project continued in 2021 with PRG organising a series of digital encounters held by academic partners for all PRG's employees and Prénatal VIP customers, to discover the importance of parental skills and how best to use them for a relationship based on trust both at home and at work.

Parental Skills at Work platform



Participants and training hours 2021



FOCUS ON New way of working

As a consequence of Covid-19 pandemic, the way we all work has dramatically changed in a very short time, with the majority of employees forced to work remotely. xFrom the situation “New way of working” initiative emerged in 2021, dedicated to the topic of digitalisation, which has entered overwhelmingly into the daily lives of most employees.

Assessments

350
participants

E-learning videos

350 **6**
participants hours

Workshop in presence

~70 **9**
participants hours

Remote Workshops

~350 **5**
participants hours

Employee engagement

In order to strengthen the relationship between headquarters management and stores employees, the Concept Tour was organised in 2021.

INTERVIEW

A way to reconnect: Prénatal Concept Tour Marco Crippa, Sales Director Italy, France and International Franchising

How would you describe the Concept Tour initiative?

MC: The **Concept Tour** was an important initiative of the second half of September 2021, designed to bring management closer to its employees throughout Italy, after a year of isolation and distancing due to Covid-19. A **roadshow that visited 6 cities**, travelling by a **customised bus**, to the Italian stores and the people working there. Management “hit the road” to share results and new goals with their store network, but also to open an exchange table on the Concept Store of the Future.

What were the objectives of the initiative?

MC: The goals of the initiative consist of:

- Transferring to the staff dispersed throughout the territory the family spirit of the company, the proximity and the closeness of the headquarters;
- Demonstrating to the workforce in the stores the **bottom-up managerial approach** with total involvement in the event of the headquarters managers. The bus is the symbol of this “support function” enabling managers to move around the territory and visit their employees;
- Making managers, who normally design products and services based on their ideas, aware of the **real needs of stores** and of **product display**;
- Engaging with an association, social cooperative, or solidarity restaurant in the area, to leave a positive social impact locally.



“

Transferring to the staff dispersed throughout the territory the family spirit of the company, the proximity and the closeness of the headquarters

How did each stage take place?

MC: Managers and employees gathered inside a meeting room for a meeting divided into **two phases**: first, the **presentation of the last year's results and future projects and goals**, then a group brainstorming session and working tables were opened to propose new ideas and to define what the store of the future will be. These working tables were key to gathering the feedbacks from the Store managers and their teams regarding several topics such as product proposition, marketing and logistics.

In the end, the **dinner** was the concluding convivial moment of a great day of sharing. The key aspect of the dinner consisted of a concrete gesture by the managers, who served the employees during dinner to reinforce the bottom-up dynamic and emphasise the company's family spirit and brand philosophy.

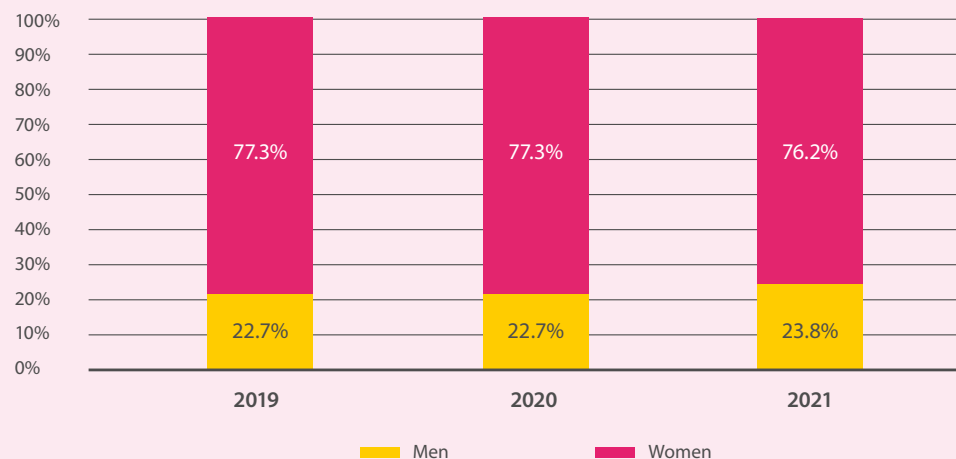
In what way did the tour have a positive social impact on the territories it covered?

MC: In each Italian city visited by the tour, instead of choosing random restaurants, Prénatal selected socially oriented associations to prepare dinner, awarding their choice to combine values of social responsibility through school-to-work alternation and job placement paths for girls and boys with intellectual disabilities or in situations of vulnerability.

Diversity and inclusion

In relation to gender distribution, PRG proudly boasts that the vast majority of its employees are women (3,865 vs. 1,207 men in 2021), in a stable proportion that has remained almost unchanged over the last 3 years.

Total Employees by gender



3,865
women
vs. 1,207 men in 2021

FOCUS ON Happy Box project

Happy Box was launched in Italy at the end of 2021 with the idea of better supporting the mothers-to-be and their families in the important journey of pregnancy.



It is a “box” full of surprises and essential items (nappies, lotions and oils, sippy cups and pacifiers). A similar initiative had started a few years ago with Prénatal Moeder & Kind BV and could be launched in Spain and Greece in the coming years.

Prénatal, in collaboration with CS&L Consortium and the social cooperatives Alveare and Tenda Amatese, found a way to give a higher purpose to the project. The Happy Boxes are assembled by disadvantaged people, who have been hired by Alveare and Tenda Amatese in the province of Monza and Brianza under art.14 Law 276/03 agreement⁹. The result of the first month of the project was the creation of 6 new jobs, 5 of which were reserved for disadvantaged people.



This is a successful collaboration that combines the needs of the business with the mission and skills of social cooperatives of type B, cooperatives that carry out productive and service activities dedicated to the labour integration of disadvantaged people, among which also includes people with disabilities in the area.

Talent development

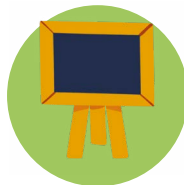
A significant aspect of PRG's human resources development activities concerns the provision of training for employees. Enhancement and constant updating of employees' skills is a fundamental element allowing PRG to maintain its competitive advantage.

One of the newest projects that PRG started in 2021 to support and train young people was "**Generation Italy**".

The collaboration between Prénatal Retail Group and the Youth and Work Program, set up by Intesa San Paolo with the support of the non-profit foundation Generation Italy, began in 2021.

The programme offers a training plan dedicated to young people (18-29 years) who are entering the world of work and includes, among the various professional profiles, those of junior sales staff for the world of retail

After the training period between September and October 2021, in Turin, Milan and Rome, PRG opened a selection process to identify possible candidates to be included as an internship, for a maximum of six months, within the Toys Center stores.



10
young candidates
selected for an internship during
the project in 2021



Health and safety

The health and safety of its employees have always been considered by PRG as essential aspects. Accordingly, the Group is constantly committed to ensuring a healthy and safe workplace, implementing several initiatives with the aim of increasing internal awareness on these topics.

In 2021 the number of work-related injuries amount to 53, highlighting a significant decrease if compared with 2019 (-41%). The rate of recordable work-related injuries is 8.0, in decline from the previous years, as evidence of PRG's continuous commitment to minimising risks for all its employees.



-41%
work-related
injuries
compared with 2019

Community impact

In accordance with PRG's value proposition, which is deeply related to infancy and family issues, the Group has long supported initiatives and organisations in the regions in which it operates, with the ambition of benefitting the conditions of children and families in disadvantaged situations.

INTERVIEW

Supporting good causes

Cristiano Flamigni, Toys Center and Bimbo Store

Business Unit Director

Valeria Sorrentino, Marketing Director Prénatal

Is there any specific organisation supported by Prénatal brand?

VS: Yes, specifically Prénatal has long-lasting partnership with "Mission Bambini" Foundation. The partnership started with "Banco dell'Infanzia" in 2014 when Prénatal made its commercial chain available to collect childcare products donated by customers. Because of Covid-19 pandemic "Banco dell'Infanzia" was interrupted but Prénatal started to support the #fattiGRANDE campaign during the Christmas period through a donation of a percentage of the income from selected products within the Christmas catalogue.

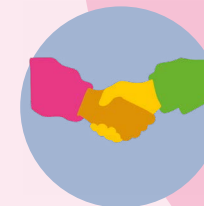
Thanks to the purchase of one of the more than 800 products dedicated to the #fattiGRANDE initiative, €51,000 was donated, which will be used to ensure access to early childhood education services (infant-toddler centers and preschools) for children from families in financial difficulty, helping to cover the cost of tuition.



€51,000

donated

that will be used to ensure access to early childhood education service



800

products

dedicated to the #fattiGRANDE initiative



€312,748

raised in Toys Center and Bimbo Store PoS

during the Christmas campaign of 2021

Last year we talked about your partnership with "I Bambini delle Fate". What was its development in 2021?

CF: PRG has been a long-standing supporter of the social foundation "I Bambini delle Fate" given the deep affinity with its mission and activities. PRG has been providing financial support to social inclusion projects and pathways run by local partners for the benefit of families with autism and other disabilities. Through "I Bambini delle Fate", the Group donated over €300,000 raised in Toys Center and Bimbo Store points of sales during the Christmas campaign of 2021.

The focus of the campaign is to support two very important entities that work every day to break down the barriers experienced by autistic children, young people and their families, from the world of school to the world of work: "La Banca del Tempo Sociale" and "PizzAut".



Could you give us an insight into the first initiative, "Banca del Tempo Sociale"?

CF: The initiative has entered schools, paving the way for real integration between children with autism and teenage students. Several tutors from associations working with teenage with autism train and assist students who wish to participate in the project, preparing them to give children with autism and disabilities opportunities for inclusion.



Can you tell us more about "PizzAut", the new project?

CF: "PizzAut" is an extraordinary social inclusion project, in the form of a pizzeria in the area of Milan, entirely managed by young people with autism. After the amazing success achieved, "PizzAut" will soon double and prepares to open a new location in Monza, also thanks to initiatives such that of PRG. The will is to extend to other cities, integrating a training course into the model thanks to the Aut Academy led by psychologists and educators.



"PizzAut" is an extraordinary project of social inclusion, in the form of a pizzeria in the area of Milan, entirely managed by young people with autism.



€35,729
collected

since October 2020

Is there any other project supported by PRG?

CF: Yes, there is! In June 2021 the fundraising campaign organised in Toys Center stores of Giugliano, Naples, Nocera, Pompei, Salerno and Secondigliano ended. The donations of €35,729, collected since October 2020, have been invested in the oncology-hematology department of the hospital "Andrea Tortora" in Pagani (Salerno), centre of excellence for oncological and blood diseases with the aim of improving the lives of the children and their families.

King Jouet in France and Prénatal Moeder & Kind BV in the Netherlands support local charitable organisations. The main initiatives are:



100,000 children in the Netherlands feel 'forgotten' and 'invisible'. They have been neglected or abused. "Het Vergeten Kind" is committed to helping these children by improving their situation. They fight for a safe and loving home for vulnerable children in the Netherlands.

Prénatal Moeder & Kind BV helps the foundation with this goal, by raising awareness on the topic and by collecting financial donations from the customers. The company collected and donated over €32,000 to the initiative.



Stichting Babyspullen collects used and new baby equipment and uses it to make baby starter kits. They provide these kits, free of charge, through various agencies to parents and future parents in the Netherlands who are experiencing financial difficulties.

Prénatal Moeder & Kind BV supports Stichting Babyspullen by collecting baby equipment from customers and donating samples.



Another relevant initiative very close to Prénatal Moeder & Kind BV's core business is "Moeders voor Moeders" which collects urine from women in their early pregnancy from which the hCG hormone is extracted. This hormone is used by pharmaceutical companies to manufacture medication used in fertility treatments. In that way, pregnant women are able to help other women to become mothers as well, or at least increase the chance thereof. Prénatal Moeder & Kind BV supports the organization by promoting and communicating their activities and mission in marketing channels.



King Jouet has been partnering with the association "Tout le Monde contre le Cancer" since 2019 with the aim of supporting the fight against cancer of children and their families. The association collect donations from multiple companies to support sick children and provide for medical treatments, hospital stays and general cares. Every Christmas King Jouet donates €60,000 in private label toys.

Twice per year King Jouet donates in stock toys to local associations for a value of €42,800 in 2021.

Customers' education

The behaviour and attitude of future parents of tomorrow depends on the education they received as children. For this reason, PRG aims to provide goods, contents, and information to educate all children by teaching them about sustainability, instilling respect for the environment and the people around us.



PRG truly believes in early-age education in order to create the “change-makers” of the future.

In this spirit, in 2021, Toys Center launched a series of initiatives dedicated to the education of children on various topics such as **food waste**, **plant care** and **food seasonality**. The aim of these initiatives was to approach the topic of sustainability in a funny and tangible way. What are the behaviours that children can adopt to integrate more sustainable practices in their daily lives?



In a tribute of the children's passion for getting dirty in the kitchen while mum and dad cook, during Easter time Toys Center launched an initiative aimed at **avoiding the waste of large quantities of chocolate** left over from Easter eggs. With the collaboration of **chef Luigi Cassago**, aka Gigi, a booklet was created containing almost a dozen nice recipes suitable for children and suggestions of how to cook in a more responsible way.



Much researches has confirmed how living in contact with nature is good for our health. We can say that the garden is good for children because it **helps to develop manual skills, food and environmental education and season awareness**.

Together with **grandfather Ferruccio**, thanks to a booklet made by Toys Center, the children were able to learn how to prepare a green and luxuriant vegetable garden and how seasonality and 0 km options are great for our environment.

FOCUS ON Recycled plastic beach towels

In 2021, Bimbo Store and Toys Center launched a line of eco-friendly beach towels.

The initiative provided that, by purchasing an item between the 1st and the 11th of July 2021, by adding only two euros it was possible to take home a beach towel made of 60% recycled cotton and 40% recycled polyester made from plastic collected from the oceans.

SEAQUAL INITIATIVE

The initiative was launched to demonstrate the brand's **commitment to sustainability and the importance of safeguarding our oceans and fighting marine litter**, together with SEAQUAL (<https://www.seaqual.org/>), a consortium that works with industries active in the waste recovery sector in order to transform the latter into "Upcycled Marine Plastic" to be used for the creation of sustainable products.



The importance of sustainability for the Group is also reflected in the attention it has decided to devote to it in its stores, where areas have been set up to showcase products and brands with specific sustainability features such as:



toys made with certified raw materials

(e.g., FSC certified wood, bioplastic toys)



toys with sustainable packaging



toys with % recycled content

(e.g., recycled plastic)



toys designed to educate children on sustainability related topic

FOCUS ON Sustainable Stores

In addition to energy, the Group also pays great attention to the furnishing of its stores, and the materials used, to minimise their environmental impact.

For this reason, the Real Estate function sifts through innovative solutions whenever opening a new store or revamping is needed in the existing stores.

The two main interventions that have become reality in many Prénatal stores are:



9 STORES
with PEFC WOOD
used for shelves and
counters



10 STORES
using tiles with %
of post-consumer
recycled content





prenatalretailgroup.com

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