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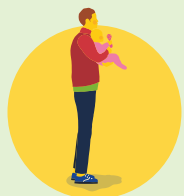
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LETTER FROM THE CEO



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.



MISSION

Making life easier for growing families with ideas that help, amaze and inspire dreams.



VALUES

We are passionate about responsibly choosing the best products and toys offering innovation, value for money and handy design, so as to make parents' lives easier and simpler and to let children live their adventure. Purchasing a product should be a memorable moment for everyone, both adults and children, wherever they are, in our stores or online. We do our best to make the experience of a new birth magical for everyone and the discovery of a new toy full of excitement.



In a market context characterised by the rapid evolution of the retail sector (accelerated by the Covid-19 pandemic) towards an omnichannel model, the Group aims to quickly become a 'marketplacer' in the world of parents for their children's growth and leisure needs, by making major investments in the digital and customer service spheres, taking advantage of the experience already gained within the Group in more advanced markets.

This strategy is founded on a well-defined approach defined by 5 key aspects:

Generosity

Passion

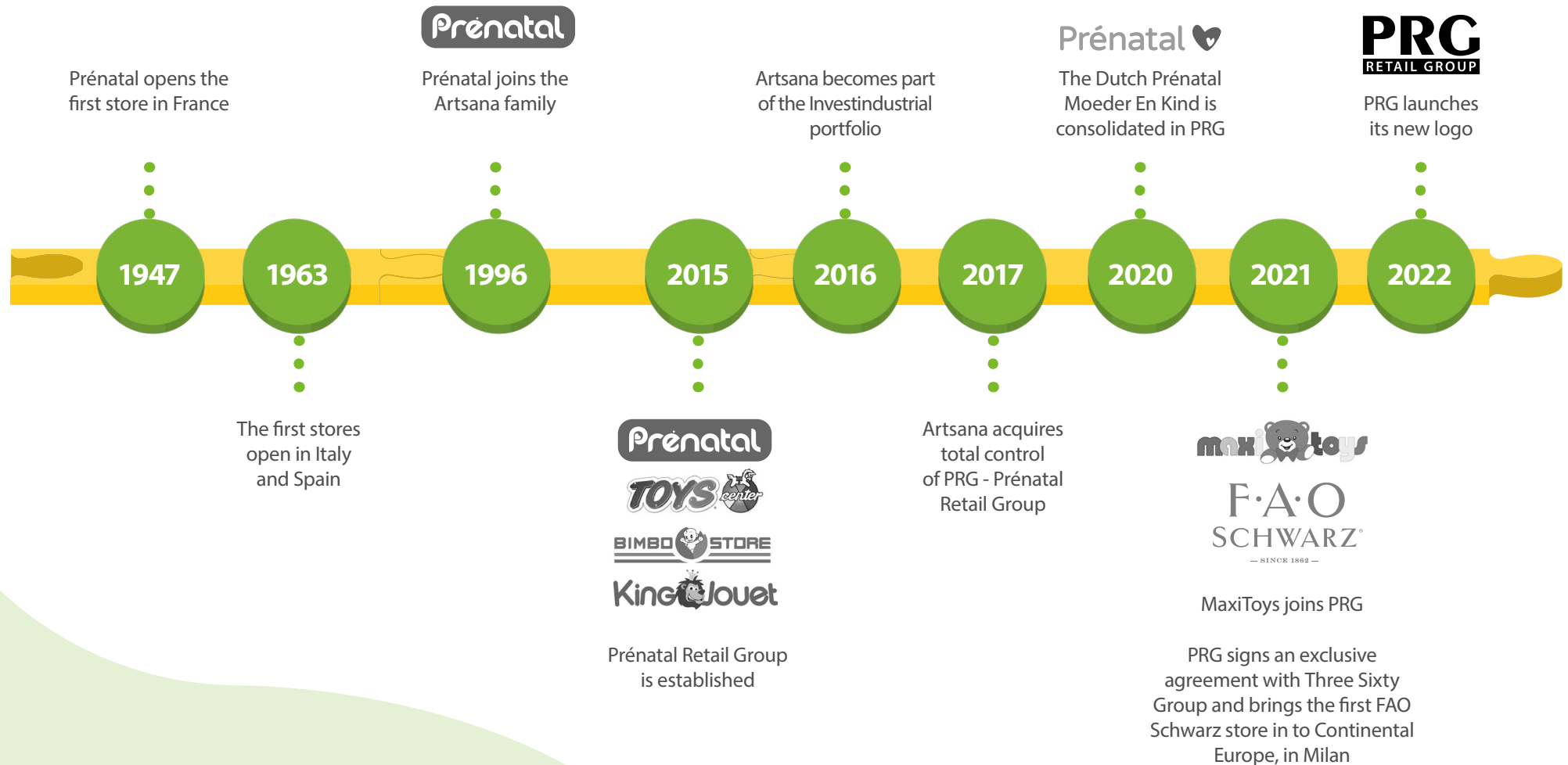
Simplicity

Responsibility

Open mind

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.



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 subsidiary of 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.



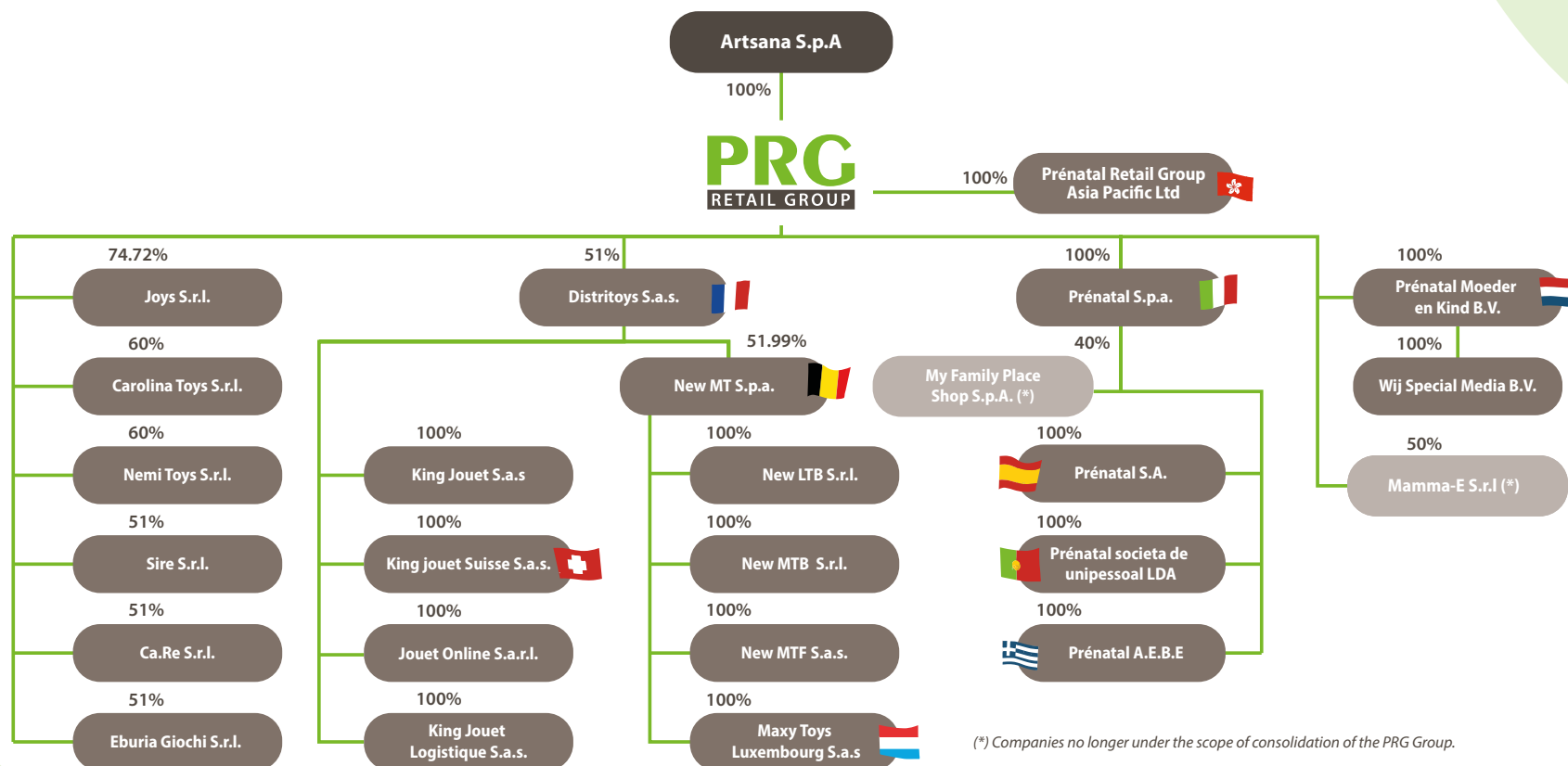
24
operating companies



5
brands



9
countries



(*) Companies no longer under the scope of consolidation of the PRG Group.

The five brands through which the Group operates have their own history and identity, and PRG has combined them into a single synthesis of values and proposals for the end customer, whilst maintaining their territorial roots and distinctive characteristics.



Prénatal
Prénatal

Prénatal has a retail network of 291 stores, including 195 directly operated stores, in Italy, Spain, Portugal, Greece, France and the Netherlands. In addition to an extensive selection of the world's top childcare product brands, Prénatal also offers a wide range of dedicated specialist clothing for new mums and bespoke clothes for new-borns and children.



TOYS Center

Launched in the 1990s, over the past fifteen years **Toys Center** has developed a family-friendly format and consistently expanded its product range of toys to include childcare products and textiles in increasingly larger stores throughout Italy. Toys Center counts 129 stores and is the only toy specialist chain in Europe with more than 20% share in the national market.



BIMBO STORE

Bimbo Store, acquired in 2015, has now 99 stores in Italy, both directly operated and in partnership and affiliations, with an extensive product range focusing on products for babies and children up to the age of 4.



King Jouet

Founded in 1875, **King Jouet** is today the first specialist retailer in the French market with large stores and an innovative format, with 272 stores, both directly operated and affiliates. The brand offers the most extensive assortment of toys, including exclusive brands and special offers carefully planned to satisfy customers all year round.



maxi toys

Active in France and Belgium since the early '90s, **Maxi Toys** is the most recent brand to expand the Group's presence in Europe, as King Jouet acquired a majority stake in late 2021. Maxi Toys is present through over 120 stores and on-line with an offer of wide range of products, combining the innovations of the major international brands with the high standards of private label products.

To uniformly manage the complexity of the various brands, products and markets, the Group has adopted a matrix structure with different Business Units. In parallel with operations carried out centrally (such as accounting, quality, legal, etc.) the PRG Group is organised into three product areas, namely Toys, Textile and Childcare which buy third party products and develop and procure private label products. The aim is to provide a single interface with suppliers and manage the customer relationship with the **brands** Prénatal, Bimbo Store, Toys Center, King Jouet and Maxi Toys reflecting a peculiar value position.

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.

The range includes both products from the best international brands and private label products, which PRG develops and renews every year, working closely with its business partners, mainly located in the Far East. For this reason, the Group relies on the support of Prénatal Retail Group Asia Pacific Ltd, the only company that does not manage stores but is in charge of maintaining and developing the relationships with the selected range of local suppliers, as well as carrying out research and development activities with local partners, thus guaranteeing for the Group the best quality and security standards for its private label products.

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 addition, the Group is present even outside of Europe with some stores run as franchises.

- The majority (over 40%) of the stores are located in **Italy**, partly thanks to the multiple affiliations closed with local players. All Group brands are present in the Italian territory, except for King Jouet and Maxi Toys. The Group's **headquarters** are based in Cogliate, Monza and Brianza.
- In **France**, the Group is present with 256 King Jouet stores and 7 Prénatal stores; another 15 King Jouet stores are located in **Switzerland** and 1 in **Belgium**. In addition, Maxi Toys counts 95 stores in France and 25 in Belgium.
- There is a further significant presence in the **Netherlands, Greece, Spain** and **Portugal** mostly under the Prénatal brand.



912
stores



€1,055
million revenues
in 2021

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.

PRG Revenues – Regional distribution

Country	Italy	France	Netherlands	Spain Portugal	Switzerland	Belgium
Revenues generated	54%	31.2%	8%	1.6%	2.7%	1.2%

PRG Revenues – Product mix

Product	Toys	Textiles	Hard goods	Baby care and nappies
Revenues generated	61.4%	15.7%	15.6%	6.9%

Points of Sale



FOCUS ON

The first FAO Schwarz shop in Europe

Thanks to an exclusive agreement between PRG and ThreeSixty Group, the owner of the historical and iconic brand FAO Schwarz, in October 2021 in Milan the Group celebrated the opening of the American brand's first store in Europe.

The store is located in the heart of the town, and is spread over three floors, with a total area of 600 square metres offering one-of-a-kind theatrical shopping experiences with 25 different thematic areas and the world-famous Clock Tower and The Grand Piano. The location is designed to reproduce the magic of the famous New York shop, a must-see destination for millions of people since 1862.

This special agreement thus allows FAO Schwarz to become a place of imagination, wonder and discovery, just like at 30 Rockefeller Plaza, and brings to life the exclusive toys and interactive experiences for which it is world-famous.



Our partnership with ThreeSixty Group further cements Prénatal Retail Group's leadership and agility in the European retail toy market. It also highlights our skill in developing valuable retail networks and reinforces our relationship with suppliers.

Amedeo Giustini, Group CEO



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.



Moreover, this is emphasised by the international dimension of the Group, which comprises realities from different countries, united in the pursuit of a single mission and with a shared vision. In this sense, a collaborative axis has been created between all subsidiaries, working more and more closely on a variety of topics, including sustainability. There are many projects involving international teams, ranging from collaborations of different nature, such as the International Accord and Better Cotton, for example. **The aim is to create a joint vision and a sustainability plan that includes all of the Group's brands.** In this context, it is worth saying that this is a first exercise in reporting on the Group's activities; therefore some disclosures will be partial and relative only to the activities of the Italian subsidiaries.



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.

With the aim of communicating its engagement both within and outside of the Group, PRG began a progressively detailed disclosure and reporting process, revealing its environmental, social and governance (ESG) performances. This intention is at the heart of **this second consolidated Sustainability Report drawn up in accordance with the "GRI Sustainability Reporting Standards"**, the most recent and widely used non-financial reporting standards, to share with stakeholders the Group's path for a sustainable business.

In addition, with the aim of integrating the communication of sustainability performances emerging from the Report, by framing it into a general perspective that reflects the Group's outlook of the main challenges foreseeable in the coming years, PRG also began defining the main commitment areas to address companies' efforts toward coherent goals. This additional work stream points toward the definition of a **Sustainability plan**, which will identify the sustainability pillars consistently with the daily business activities and future targets, across all companies for a sustainable business. Work started in early 2021 and will proceed in the years to come.

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

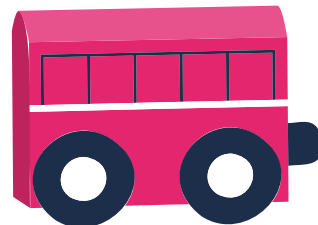
focused on products in terms of **design, use of raw materials, quality control, packaging and end-of-life management**



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

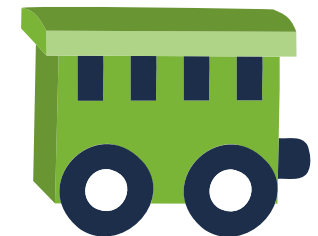
implementing a **welfare system for PRG's employees**, with particular attention to their growth and training as well as their engagement



5

Growing Responsibly

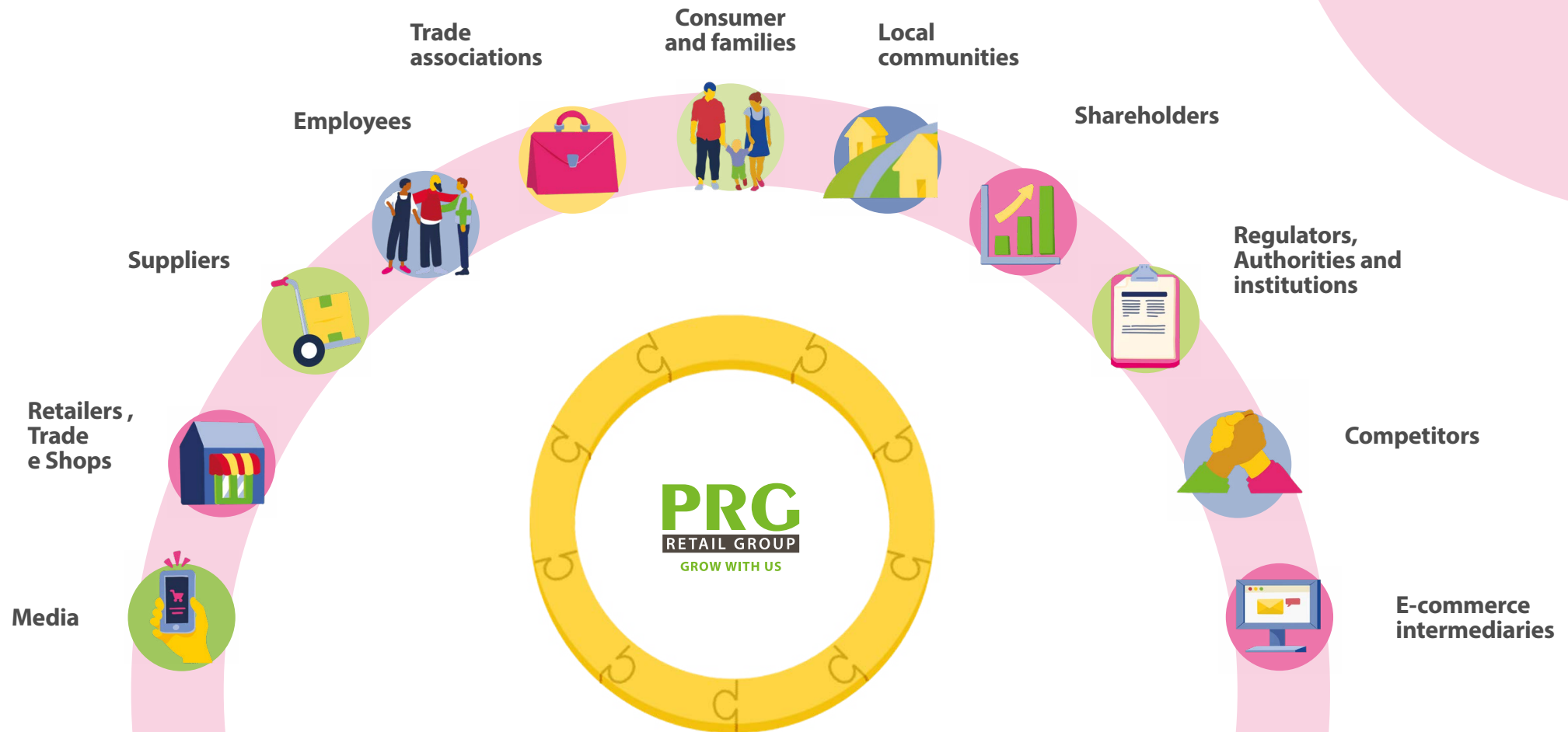
is directed at customers, with the aim of guiding them towards **more informed buying choices**, and towards children, raising their **awareness on sustainability** topics



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.



Among the stakeholders identified and mapped, some were selected as priorities to be consulted in drafting PRG's sustainability strategy.



EMPLOYEES

In October and November 2021, **PRG Business Units** were involved in brainstorming and discussion sessions, with the aim of sharing ideas, feedback, proposals, doubts related to the implementation of sustainability projects and to discuss the goals and purposes of creating a Group sustainability strategy. These 9 meetings were instrumental in the process of revising the materiality matrix to better integrate certain issues and to gather **the first insights and ideas for structuring a strategic sustainability plan**. Furthermore, this represented a perfect chance to collect the commitment of the teams regarding the creation of a **Sustainability Working Group**.



SHAREHOLDER

Regarding investors, the Report covers those issues that are material to our shareholders and applicable to PRG's business model, as they have emerged from various points of engagement, namely participation in Investindustrial's Annual Sustainability Summit and the process of alignment with Investindustrial's Sustainability Strategy.



CONSUMERS AND FAMILIES

A sample of households and consumers were indirectly involved through **the survey on the topic of sustainability** jointly conducted by the PRG's "**Osservatorio delle famiglie contemporanee**" (Observatory on Contemporary Families) and BVA-Doxa, aimed at identifying the issues of greatest interest to consumers and the sustainability issues in which employees and consumers feel they have the most gaps, in order to provide them with educational and training support through PRG's products and services. The highlights of the survey are shown in the box in the next page.



COMPETITORS

About competitors, a screening of sustainability strategies and a competitor analysis were carried out.

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.

In order to identify relevant sustainability topics and to determine their importance from stakeholders' perspective (external relevance), an analysis and brainstorming process has been carried out started in 2020:

- **a preliminary analysis was carried out in the external context.** In this phase, different sources were considered: benchmark and peers (sustainability-related information reported by a panel of 13 companies operating in similar sectors to that of PRG); sector analysis and macro trends, to detect the topics most frequently dealt by the main international organisations on sustainability (e.g., RobecoSam, SASB, etc.) and sector-specific associations, as well as the most relevant and influential non-governmental organisations (e.g., UE, UN, etc.) and sustainability rating agencies (DJSI, MSI, etc.). Lastly, a media review was performed on public articles relating to PRG and its competitors considering the most relevant areas of sustainability to identify pressures from the public opinion and the media.
- The preliminary list of topics emerged from the context analysis has been submitted to **PRG's top management**, which expressed, **through a materiality questionnaire**, a prioritisation of topics in the list, from the Group point of view (internal relevance), ranking them, according to well-defined rules.
- Finally, during the **brainstorming sessions held in 2021 with all Business Units**, it was deemed necessary to revise the matrix elaborated in 2020 on the occasion of the first sustainability report.



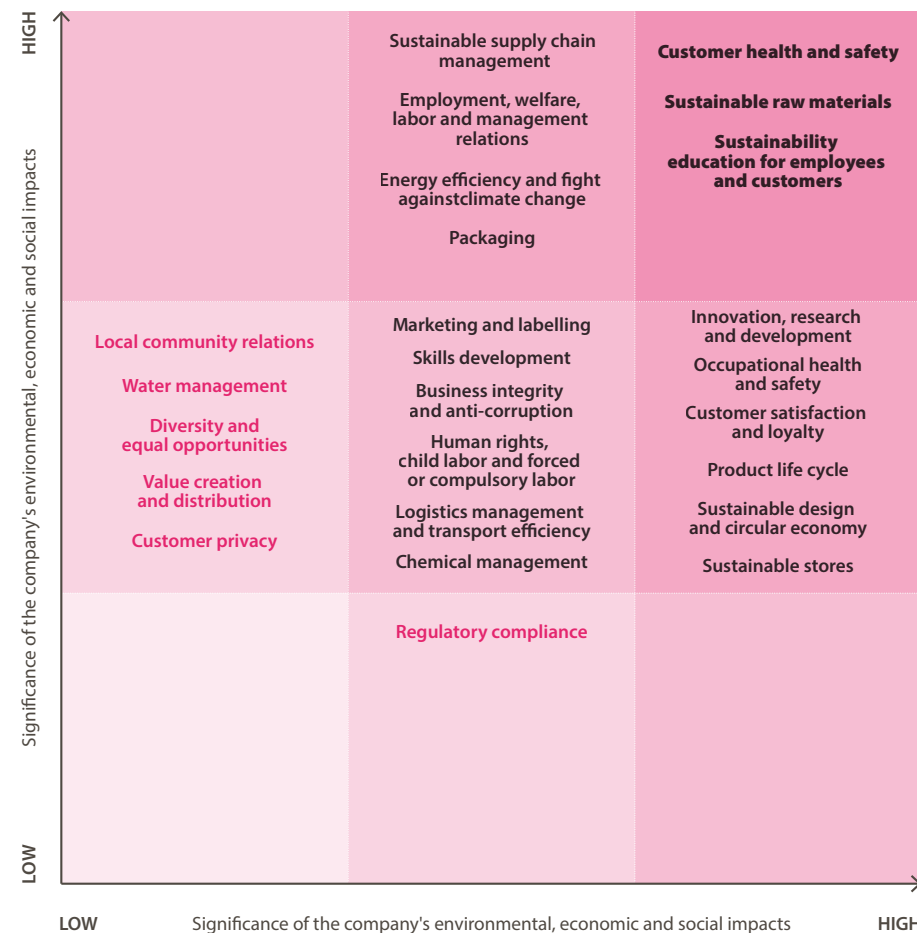
Combining all the outputs, PRG's 2021 materiality matrix was obtained, where the vertical axis represents the importance of each topic according to the relevance for the stakeholders and the horizontal axis represents the relevance of environmental, social and economic impacts of PRG's business.

The topics resulting as material for PRG are those above the materiality threshold. The materiality threshold is set, according to GRI Standards guidelines, with the aim of including the most relevant topics both from PRG's point of view and that of its stakeholders, in order to report them in the sustainability report.



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

- the most relevant topics, both according to PRG and its stakeholders, are **"Customer health and safety"**, in line with the Group's priority of providing high quality and safe solutions to its customers with special attention being given to new-borns and kids and **"Sustainable raw materials"** to underline the attention, both from the Group and from its stakeholders, to the origin and sustainability features of materials used for PRG products; among the most relevant topics is **"Sustainability education for employees and customers"**, underlining PRG's crucial role in disseminating a culture of sustainability for the young customers and their families;
- "Innovation, research and development"**, **"Customer satisfaction and loyalty"**, **"Occupational health and safety"** and **"Product Life Cycle"** are the other most relevant topics for PRG, underlining the importance that the Group attributes to ensuring a safe and healthy working environment for its employees, equally important to manufacturing products with a long life and low environmental impacts and the carrying out of research activities with the aim of responding to the needs of the target market and, consequently, to always satisfy its customers; at the same level of importance are the topics of **"Sustainable design and circular economy"** and **"Sustainable stores"**;
- "Sustainable supply chain management"**, **"Employment, welfare, labor and management relations"**, **"Energy efficiency and fight against climate change"** and **"Packaging"** are among the other most relevant topics for stakeholders and mainly reflect the emerging sustainability issues in terms of supporting the supply chain and its workers and safeguarding the environment through the fight against climate change;
- the topics **"Marketing and labelling"**, **"Skills development"**, **"Business integrity and anti-corruption"**, **"Human rights, child labor and forced or compulsory labor"**, **"Logistics management and transport efficiency"** and **"Chemical Management"** have the same relevance both for PRG and its stakeholders, underlining how these are essential requirements from on both sides.



PRG MATERIAL TOPICS

1. Making good products

Packaging	Paying attention to the packaging of the products by adopting solutions capable of reducing their quantity and promoting the use of recycled or recyclable materials.
Marketing and labelling	Ensuring correct and complete information and labelling of products regarding their sourcing, the presence of substances that may generate environmental or social impact, their safe use and disposal. Monitoring any non-compliance with information and labelling and marketing communications.
Customer health and safety	Assuring quality and safety of products to meet or exceed customer expectations.
Product life cycle	Implementing initiatives to calculate product impact, extending its life and minimise impacts related to waste generation and disposal during the entire life cycle of the product.
Innovation, research and development	Innovating, developing and promoting research activities with the aim of successfully responding to the needs of the target market. Striving for continuous development and innovation of business processes and products.
Customer satisfaction and loyalty	Offering on the market excellence and cutting-edge products, characterised by high-performances and high levels of durability, such as to maximise customer satisfaction and loyalty towards the brand.
Sustainable design and circular economy	Working closely with suppliers to design and develop innovative products promoting circular economy in the selection of materials.
Chemical management	Guaranteeing to customers the highest standards of safety in the management of any chemical within products.

2. Supporting a responsible value chain

Sustainable supply chain management	Promoting and ensuring responsible behaviour within the supply chain, especially during the supplier screening and qualification process (e.g., considering how they manage sustainability topics, such as workplace safety and respect for human rights) and when monitoring their performance (e.g., conducting audits, including sustainability topics).
Human rights, child labor and forced or compulsory labor	Ensuring the respect of human rights in the operating sites and the organisation of training courses on policies or procedures related to these aspects. Safeguarding and promoting respect for human rights throughout the Group's value chain, also raising awareness amongst its suppliers by abolishing and denying any practice carried out with the use of forced labor. Adopting measures to abolish child labor by monitoring activities and suppliers deemed to be at risk.
Logistics management and transport efficiency	Maximizing transportation efficiency to minimise costs and environmental impacts by optimising transportation routes, number and size of loads.
Sustainable raw materials	Assuring quality and safety of products to meet or exceed customer expectations.
Business integrity and anti-corruption	Pursuing ethically correct conduct, in compliance with the Code of Ethics and current legislation, especially in terms of combating active and passive corruption.

3. Fighting for a better climate

Energy efficiency and the fight against climate change	Implementing initiatives to monitor and reduce energy consumption and greenhouse gas emissions through process efficiency and implementation of energy-saving solutions. Adopting low energy and climate impact solutions, such as the use of renewable energy sources.
Sustainable stores	Renovating stores and premises through energy efficient interventions and using materials and systems with a lower impact for furnishing.

4. Valuing our people

Employment, welfare, labor and management relations	Creating a working environment capable of generating strong attraction of young talents seeking employment and at the same time retain its people, ensuring a climate of understanding and respect for personal needs and work-life balance. Ensuring timely and effective communication with employees by alerting them of organisational changes.
Occupational Health and Safety	Guaranteeing working conditions that ensure full respect of health and safety principles and the protection of workers' physical well-being in the workplace. Promoting the adoption of preventive measures to reduce potential health and safety risks and implement initiatives that lead to tangible results, including in terms of reduction of the injury rates. Ensuring continuous and specific training on these issues.
Skills development	Promoting a corporate culture oriented to the development of the skills of its people, thanks to professional growth paths that allow each worker to reach and exceed their potential.

5. Growing responsibly

Sustainability education for employees and customers	Promoting and spreading to the wide audience of Group's people and customers the culture of sustainable habits.
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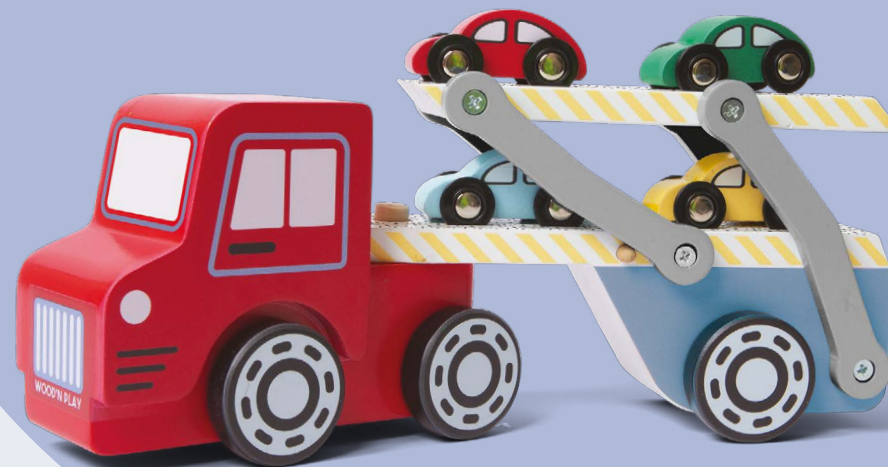
OTHER RELEVANT TOPICS FOR PRG

Local community relations	Contributing to community development through the organisation and sponsorship of events or initiatives (e.g. mitigation of environmental impact generated by the organisation, support of local associations).
Water management	Continuously monitoring water consumption in order to identify opportunities to improve the water supply system to increase efficiency and reduce losses.
Diversity and equal opportunities	Guaranteeing equal professional opportunities to all workers (employees or collaborators) respecting all types of diversity (e.g., gender, ethnicity, religion, political orientation) and ensuring the full inclusion of people belonging to protected categories.
Value creation and distribution	Contributing to economic growth and value creation, distributed to various stakeholders, through the activities carried out by the Group.
Customer privacy	Managing sensitive customer information, ensuring maximum confidentiality and data protection.
Regulatory compliance	Operating in accordance with applicable socio-economic and environmental laws and regulations in compliance with legality and limitations imposed by the law.



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", which was revised in 2021 in order to align with the most stringent legislative (e.g. EU Reach) and industry standard updates.

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

The verification process to check the compliance with the mentioned limits is performed through a plan of chemical, mechanical and performance tests, carried out periodically both internally and by experienced third parties, according to a risk analysis conducted on the different types of articles.

PRG also carefully monitors every report from consumers and actively cooperates with market surveillance authorities in order to promptly investigate suspicious product batches and withdraw them from the market if necessary. When a product does not meet the required standards, as a precautionary measure, PRG can withdraw it from the market, even in absence of non-compliance with the law.

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. Prénatal's aim is to increase the number of STANDARD 100 by OEKO-TEX® certified garments, especially for products that come into direct contact with the skin. In order to enable the monitoring of product health and safety, the Group actively engages with suppliers to verify that the selected articles can be certified in every component of the products and cooperates with them to manage all the production steps.

STANDARD 100 by OEKO-TEX®



The foundation of OEKO-TEX® dates to 1992, with the mission to use laboratory tests to ensure that textile products are harmless to health. Currently, the organisation offers a large product

portfolio and works together with 17 independent textile and leather testing institutes.

A textile product bearing the STANDARD 100 label, the world's most well-known and trusted certification for product safety today, entails that every component of the product has been tested by independent OEKO-TEX® partner institutes for harmful substances and is therefore health safe. The test considers a range of regulated and unregulated substances that may be harmful to human health. In many cases, the STANDARD 100 limits go far beyond national and international requirements. The standard is a safeguard for manufacturers and customers who are not familiar with all the harmful substances and the legislations governing them.



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. It was therefore decided to design a product line in which every single component, from the fabric to the anchoring points, complies with the stringent requirements of STANDARD 100 by OEKO-TEX® certification. This led to a massive rethink of the entire toy production process. The prototyping process was challenging and meticulously conducted, and the relationship with suppliers for production specifications was characterised by a higher level of collaboration and engagement. The result has been appreciated by PRG's consumers, who have an increasingly keen eye for the health and safety and sustainability of the materials from which the toys are made.

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. For the production of one item, an average of eight 500 ml plastic bottles are used, through a process of collecting the bottles, turning them into pellets, melting them into yarn to create the fibres and the fabric of the plush toys. This line also has a reduced environmental impact because, in addition to using recycled plastic bottles, large quantities of plastic beans are reused without consuming virgin raw material. Moreover, no plastic eyes are utilised but embroidery is preferred, such as the use of recycled raw materials for packaging. The use of recycled raw material for packaging is also preferred.

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

As early as 2019, the Group launched the Organic Cotton line, a collection dedicated to new-borns (0-9 months) that uses 100% organic cotton textiles. 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**. In season fall-winter 21 and spring-summer 22 25% of the jackets and waistcoats were manufactured 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.**



In late 2021, Prénatal internally set up a system to calculate and monitor the amount of cotton purchased, formally communicated to its textile suppliers the intention of joining Better Cotton and started an engagement process with them. All suppliers responded, providing evidence of a good degree of readiness to embrace the requisites set out by Better Cotton. At the same time, all the most impacted Business Units were involved in a cycle of training and brainstorming to better prepare them for the massive project ahead. Better Cotton sourcing will be initiated in the first quarter of 2022.

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. No toxic pesticides or artificial manures are used during the production process, and no toxic chemicals are utilized. Prénatal Moeder & Kind BV thus decided to make use of organic cotton, which proved to be a winning choice for the company, the consumer and the supplier.

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 aim to guide PRG's product, marketing and merchandising teams towards packaging design with a lower environmental impact, while maintaining the key function of packaging, which is to protect the product and communicate its characteristics. 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.

The product team is also researching innovative way of using packaging (e.g. product becomes packaging, packaging becomes part of the playset, reusable packaging). Wherever possible, the use of plastic has been reduced and preference is given to paper and cardboard. On the other hand, the Textile product team is focusing mainly on

materials, since for many products the packaging is already minimal. Introducing hangers and polybags with a % of recycled plastic content will be the main projects of 2022.



TOYS

100%

Wood'N Play packaging is FSC certified

100%

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



TEXTILE

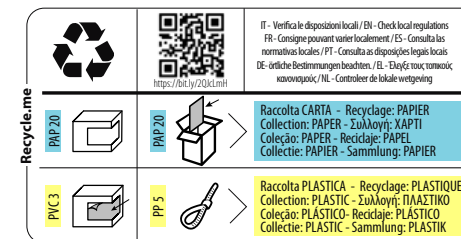
100%

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**. In 2021 PRG changed all packaging labels in order to be compliant with the new labelling regulations for packaging, which are due to come into force in 2022. 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. The website is a consumer guide explaining in a concise but comprehensive way how to handle the return of packaging material, answering questions such as 'What is it made of? Where do I dispose of it? What are the different parts of the packaging?'. The site also contains information on label codes (e.g. Triman, Green Dot), as well as some general tips for responsible handling of packaging material.



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 project originated from the consideration that the parental journey starts with the purchase of expensive products that are only used for a few months. With Forever Young, families can give their products back once their child has grown, restoring its value, including the economic one. Additionally, this initiative also simplifies the life of parents, who can avoid storing bulky products in the house or worrying about how to dispose of them. This initiative represents the intention of PRG to be a player in a shared future together with its customers.

“

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

According to figures provided by the Ellen McArthur Foundation, in France more than 40 million toys become waste every single year and 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 2022 this law will introduce a tax fee on toys, the amount of which will depend on their degree of sustainability.

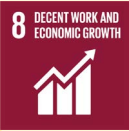
In this regulatory context, King Jouet is working on several projects to increase the lifecycle of toys.



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. King Jouet will offer refills and extension sets for certain games (e.g. board games, with expansions and remodels extending their playability). The initiative will focus on certain categories of toys, such as outdoor games, electric vehicles, board games, construction games and remote-controlled cars. The goal of the project is to have 2,000 references of spare parts for sale on the website during 2022.

Toys collection and reuse: under the King’Okaz brand, King Jouet will offer the opportunity to return unused toys still in good conditions for new uses, 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

PRG's long term goal is to grow together with its suppliers discovering how to improve and evolve in the journey of sustainability.



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. PRG's **Code of Conduct** for Suppliers applies to all the Business Units (toys, textile and childcare) and it has been drafted according to the main globally recognised standards such as the Universal Declaration of Human Rights and the ILO (International Labour Organisation) Conventions.



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.

In 2022, PRG has the intention of revising and update the Code of Conduct for Suppliers and to draft the first Environmental policy with requirements and guidelines to be observed by suppliers regarding the environmental impact of production and raw material sourcing.



No discrimination



No child labour



No forced labour



No coercion or harassment



Salaries, compensations and working hours



Freedom of association and the collective bargaining rights



The environment



Fraud and corruption



Transparency



Management system



Health and Safety

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



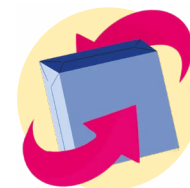
4. FOLLOW-UP AND DATA UPDATE

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.



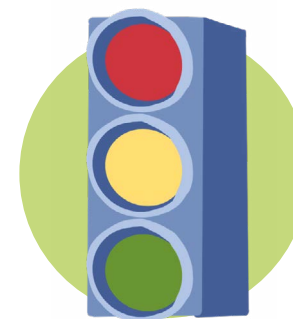
1. VERIFICATION OF MINIMUM REQUIREMENTS

The process begins with the collection of documents on economic aspects such as financial stability and reliability of the supplier. In this phase, the presence of management systems, third-party audits and valid certifications are assessed. Particular attention is given to social responsibility systems (SA 8000) or social compliance audits such as BSCI (Business Social Compliance Initiative) by Amfori, SMETA audit by SEDEX, ICTI audit by Ethical Toy Programme and WRAP certification (Worldwide Responsible Accreditation Production). If the supplier does not feature such an assessment, an additional auditing phase (that can be carried out both by PRG staff or second-party providers) is foreseen to evaluate the full compliance with mandatory criteria. The responsible teams are currently scheduling audits with suppliers who do not have a valid one to have 100% coverage on social compliance topics. Any possible non-compliance may prevent proceeding to in the qualification process unless the supplier is willing to solve them in a reasonable amount of time. Critical non-compliances usually are a red flag and represent too high a risk to start business with the supplier.



2. ON BOARDING

Once suppliers have passed the qualification stage, the onboarding process begins. The Group requires suppliers to share information and documentation on their production profile, such as the number of employees, plants, potential subcontractors and the type of processes, besides any existing certification/membership that might be of interest to PRG (e.g., FSC, STANDARD 100 by OEKO-TEX®, Better Cotton etc.). Lastly, all are required to sign the Code of Conduct for Suppliers, a contractual agreement and "PRG's Product's safety and quality requirements". Failure to comply with these standards may lead to the breach of the supply contract.





3. MONITORING

All approved suppliers are added to a Supplier Index where all the relevant info and details are monitored such as social compliance audits, potential environmental initiatives (e.g., ISO 14001, Amfori BEPI, internal environmental audit), and any certification or initiative of which the supplier is part. Moreover, the Index includes criteria such as volume produced, suppliers' turnover to easily understand which are the key suppliers for the different Business Units. These data support all the internal evaluations on suppliers and related products.

Suppliers are periodically monitored through desktop reviews and/or regular on-site inspections carried out both by Group employees and independent third parties, aimed at ensuring that the specifications and criteria assessed at entry are maintained.

Currently the monitoring process mainly covers social and ethical aspects. Potential non-compliances detected during this phase shall be resolved within a due date in order to maintain the relation with PRG. PRG is committed to increasingly monitoring these non-compliances requesting suppliers to always provide a detailed CAP (Corrective Action Plan) with evidence, pictures and details of the activities.



4. FOLLOW-UP AND DATA UPDATE

The Supplier Index is a valuable tool to monitor the validity of audits or certifications and it flags when an updated version is required. To allow an updated evaluation of PRG's supply chain, the Group requires all suppliers to share on a yearly basis the follow-up audit report based on the relevance in terms of volume and turnover.



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.

The Accord was born as a legally binding agreement involving the International Labour Organisation (ILO), major global retail companies, the local garment industry and local trade unions, aimed at ensuring safety standards in Bangladeshi textile manufacturing factories. 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.

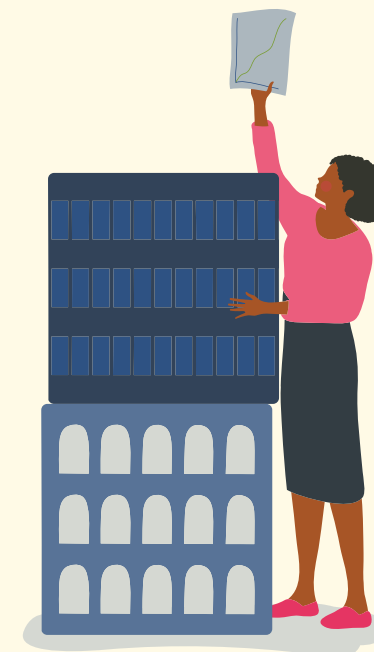
PRG actively engages with the International Accord team and locally in Bangladesh with the RMG Sustainability Council (RSC) in charge of implementing the technical inspections and trainings. All the actors jointly work to set up improvements plans such as: providing periodic inspections, assessing the security of structures, improving fire prevention systems and electrical systems, training programmes to cover basic safety procedures and precautions, and enabling workers to voice concerns and actively participate in activities to ensure their own safety. In addition, financial support is also provided for manufactures who are unable to carry all costs and investments necessary to solve a non-compliance.

Despite the complexity of travelling and the issues in carrying out the inspections due to the spread of Covid-19, PRG continues its work with the International Accord. PRG exclusively works with suppliers who prove that they implement an appropriate safety management system in their premises.

							
	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.

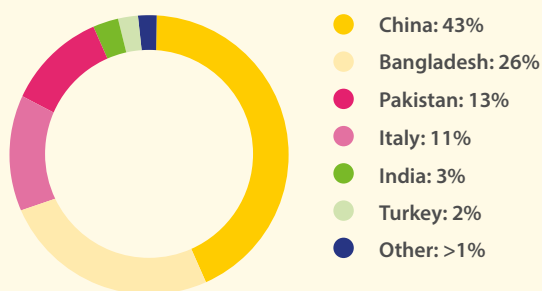
			
	TEXTILE	TOYS	CHILDCARE
 Number of direct suppliers	91	107	41
 Number of active factories	118	140	45
 Signatories of PRG Suppliers Code of Conduct	100%	100%	100%



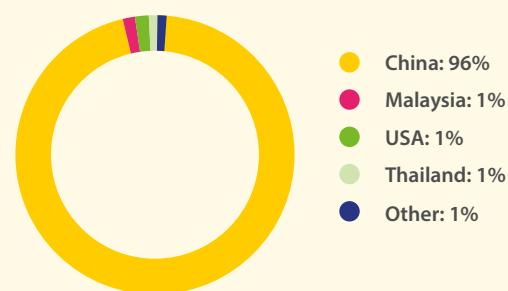
In accordance with this principle, the Group decided to start disclosing more information about its direct suppliers, indicating where they are located and what types of social compliance audits are carried out at their facilities. Below are the KPIs related to PRG's Private Label Supply chains divided according to the three Business Units.

PRIVATE LABEL SUPPLIERS PER COUNTRY (based on turnover)

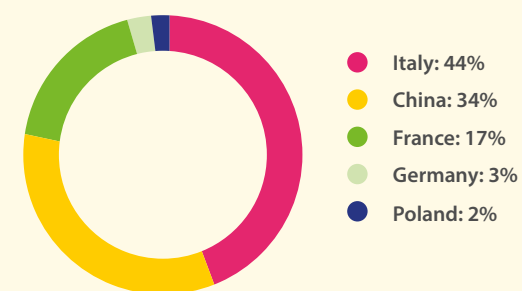
TEXTILE



TOYS

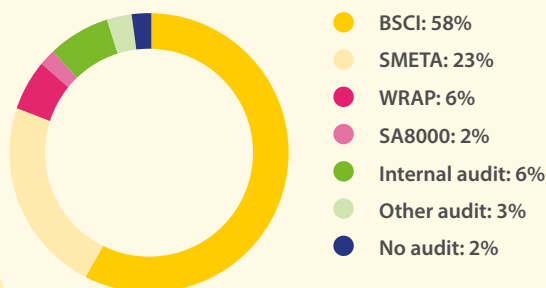


CHILDCARE

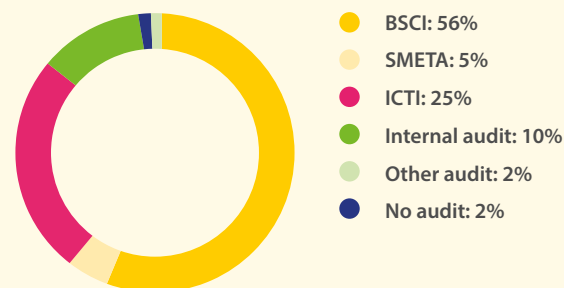


SOCIAL COMPLIANCE AUDITS*

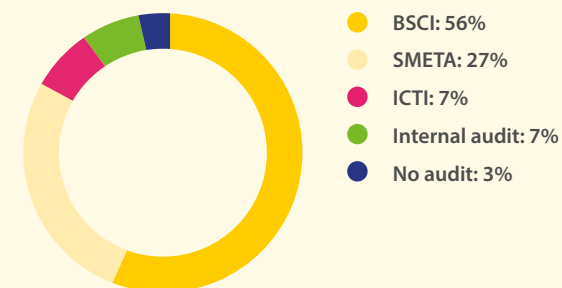
TEXTILE



TOYS



CHILDCARE



*Figures related to suppliers that are considered located in "Risk countries" only (Far East and Turkey). PRG will disclose data on low-risk countries as well starting from the next reporting year.

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.

The Company counts on 64 Private Label suppliers, producing in over 120 factories, in 20 different countries (mainly China, 41%, India and Bangladesh, 34%). As member of Amfori, Prénatal Moeder & Kind BV is required to keep track of where the production takes place and under what kind of circumstances. All factories – producing both directly and indirectly – are known and have a valid social audit. All information is recorded in the corporate CSR monitoring and evaluation platform and shared with buying teams on a regular basis. In case of non-compliance with policy and procedures, specific measures are undertaken with the suppliers to ensure adequate follow-up.

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**. This initiative was coordinated by the Dutch Social and Economic Council (SER) and signed by over 50 companies. The aim was to work closely with unions, NGOs and expert organisations on various social and environmental topics.



In practice, participating companies have learned over the past years how to properly integrate the OECD guidelines on Due Diligence within its sourcing and buying operations allowing the Company to be well-prepared for upcoming EU regulations in this regard. The focus was in particular on the following aspects:

- Conducting risk assessments on the level of production countries, material use and purchasing practices;
- Prioritising risks and topics to work on and making positive impact;
- Setting ambitions, tracking its progress and reporting on it both internally and externally.



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. The Group is therefore engaged in constantly monitoring its energy consumption and its suppliers' compliance to the best environmental standards, to strengthen partnerships that can eventually lead to efficiency and an overall lightening of its environmental impacts.

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.

Although the environmental impact from retailing activities is mainly indirect, as it is related to energy consumption and logistics, the Group is committed to fully complying with local and international environmental regulations. In this regard, it is worth mentioning that no environmental incidents or fines were recorded in the reporting year 2021.

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.



-16%
energy consumption
decrease in 2021
compared with 2020

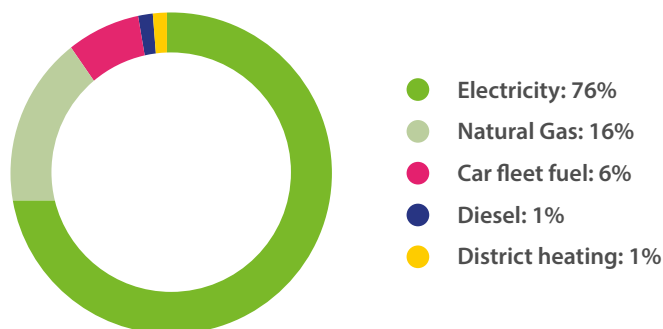
The total **energy** consumed by PRG in 2021 amounted to 239,571 GJ, **with a decrease of over 16%** compared with the previous year in line with the suspension of activities in many Group's stores during 2020 and to the halt to travels due to the Covid-19 restrictions.

The fall in energy consumption was recorded, albeit at different rates, for each energy source used and particularly for electricity and natural gas (-13% and -17% respectively).

ENERGY CONSUMPTION (GJ)	2019	2020	2021
Energy consumption for buildings	276,519	237,711	253,112
of which from electricity	219,977	190,280	203,691
of which from natural gas	50,551	41,805	43,427
of which from diesel	3,464	3,382	2,121
of which from district heating	2,527	2,244	3,873
Energy consumption for car fleet	10,340	1,861	16,498
Total energy consumption	286,859	239,571	269,610

The main energy source is **electricity** drawn from the national grid for lighting and cooling systems, which accounted, in 2021, for over 76% of the total energy consumption. Another relevant source (16%) is **natural gas**, used in many points of sales and offices for boilers and heating systems. For the same use, a limited number of stores also use diesel, which accounted for 1% of total consumption. A further 1% is represented by energy consumed by district heating systems in use in many Italian stores and locations. Lastly, a further 6% is represented by the consumption of **fuel** (for both diesel and petrol vehicles) used to power the company's car fleet, which marked a significant surge due to the resumption of travels. In this regard, the Group is moving towards the gradual introduction of so-called full-hybrid models in the car fleet, as in the case of PRG, in order to contain emissions.

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).

²GOs cover electricity consumption for stores managed by Prénatal S.p.A. and Prénatal Retail Group S.p.A.

PRG GHG EMISSIONS SOURCES

SCOPE 1

heating and
cooling systems
car fleet
refrigerant gases

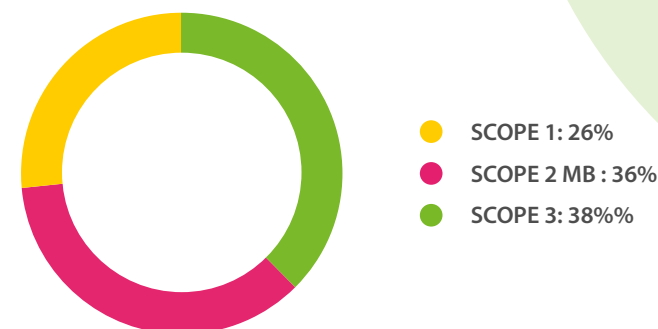
SCOPE 2

electricity
district heating

SCOPE 3

upstream and
downstream logistics
business travels

Distribution of PRG's GHG emissions in 2021



The GHG Protocol provides guidance for calculating Scope 3 indirect emissions, encouraging companies to report their emissions along the entire value chain, following the principle of maximum completeness of information. In line with this provision, the Group is committed to progressively expanding the scope of its GHG inventory, to provide an increasingly complete disclosure of the GHG emissions related to its value chain.

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}¹. 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.

¹Considering the Market Based approach, whose calculation is based on emissions associated with the residual mix, that is the national energy mix net of certified renewable energy. On the contrary, considering the Location Based approach, that considers the blended CO₂ emission factor of the national grid where the electricity is purchased, PRG Scope 2 emissions are equal to 14,799 tons in 2021, 15,319 in 2020 and 17,524 in 2019.

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

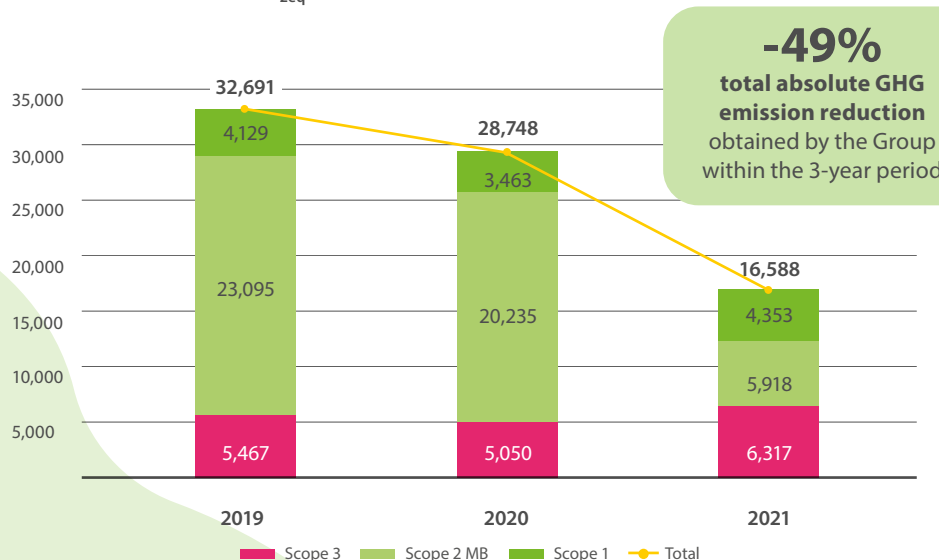


ELECTRICITY FROM
RENEWABLE SOURCES



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. The interventions carried out during the reporting period in the Italian stores⁴ led to a total saving of 1,338.5 MWh since 2019 on a like-for-like basis, that is considering the same perimeter as of 2019, without considering the new openings occurred, resulting from an investment of over €2.1 million.

€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.

⁴ Data refer to Prénatal S.p.A. and Prénatal Retail Group S.p.A.

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.

Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO₂ equivalent. As for last year, the two projects PRG bought the credits from are the "Great bear forest carbon" and the "Guatemalan conservation coast".

The **Great Bear Forest Carbon project** aims at improving forest management in the British Columbia (BC), the westernmost province of Canada, generating emission reductions through the protection of forest areas that were previously designated, sanctioned or approved for commercial logging. The project activities include changes in land-use legislation and regulation that result in the protection of forest areas and reduction of harvest levels.

The second is the **Guatemalan Conservation Coast** project with the aim of addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Some of the most important project achievements to date are: the protection of 30 threatened species including the Baird's tapir and the West Indian manatee, the protection of 54,157 hectares of threatened forest in the Mesoamerican Biological Corridor, the creation or support of 487 jobs for indigenous and local communities and almost 5.3 million tonnes of CO₂ emissions avoided.

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.

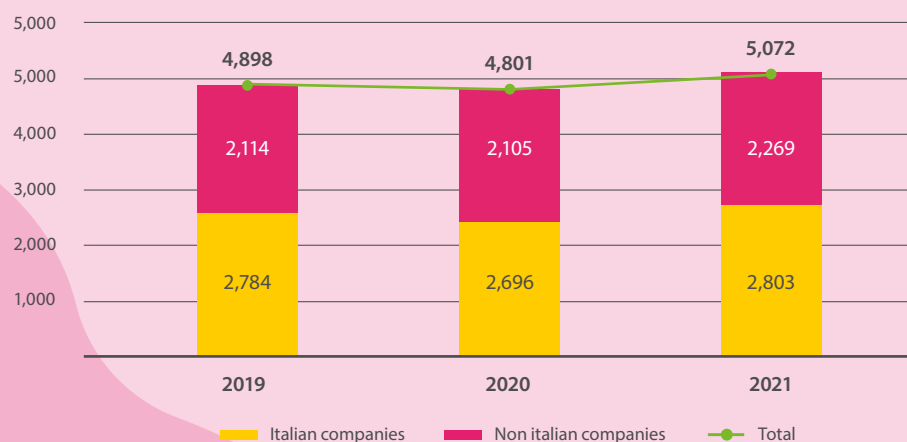
Our employees

At the end of 2021, PRG Group's **total workforce amounted to 5,072 people⁵**, 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.



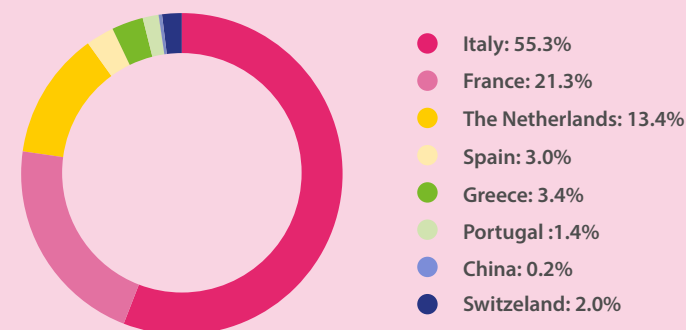
5,072
PRG's
employees

Group Employees



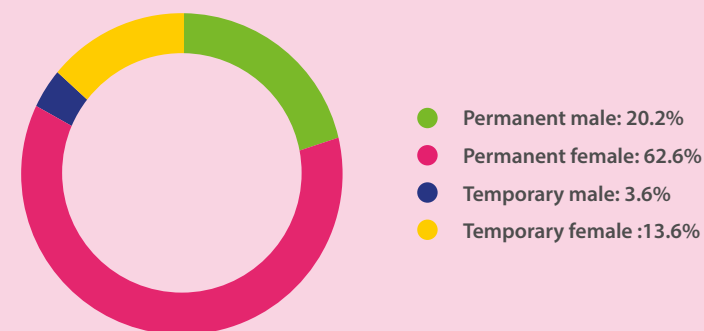
The Group's workforce is employed either directly by PRG or by its several subsidiary companies, spread over 8 different countries. In 2021, over half of the total workforce was employed in the Group's Italian companies (55%), whilst the remaining 45% was distributed between France, The Netherlands, Greece, Spain, Switzerland, Portugal and China.

Employees by region (2021)



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.** Temporary contracts primarily concern staff hired during peak periods, in order to meet the need for additional labor that typically arises at certain times of the year, such as Easter and Christmas. At the end of 2021, 83% of PRG's employees had a permanent contract, in slight decrease compared to 2020 (87%) but in line with 2019⁶.

Employees per type of contract (2021)

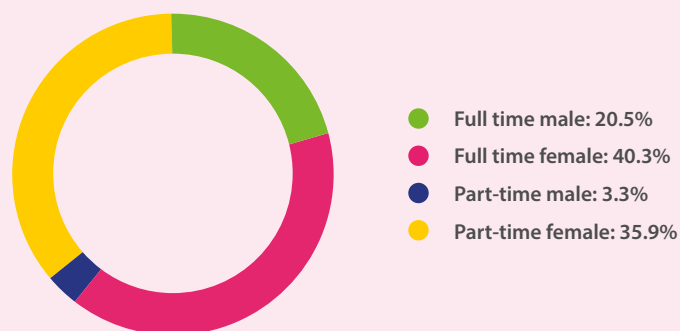


⁵The total workforce increases to 5,337 people considering the consolidation of Maxi Toys and Logitoys in November 2021.

⁶ As per region distribution, in 2021 temporary contracts were 17% of the total in Europe and 10% in China. With reference to type of employment, 100% of employees in China are full-time.

As for the employment type, the majority of employees are full-time (61.6%), but part-time is considered as an important lever to meet employees' private and family needs, and thus ensure a healthy work-life balance: a little less than 40% of the workforce have a part-time contract and almost all of them are women (over 91.3%).

Employees per type of employment (2021)



According to National legislations, the relationship with employees may include collective bargaining agreements, which cover, on the whole, 82% of Group's workforce. For instance, PRG, Prénatal Spa and Italian subsidiaries register the 100% of coverage, as well as King Jouet (France), Prénatal SA (Spain) and Prénatal LDA (Portugal). In addition, for PRG and Prénatal Spa, a second-level supplementary contract is in force, which is currently being renewed, demonstrating the high degree of cooperation the company has reached with its workforce. Some of the collective agreements in force for each company, for instance those covering Italian companies, introduce the obligation to notify employees of any significant changes in labor issues, even if without necessarily indicating a minimum notice period.

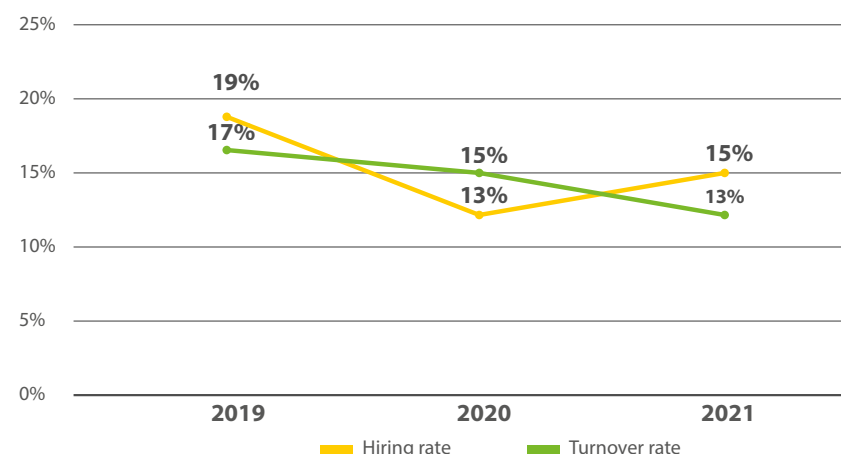
Hiring and turnover rates⁷ significantly vary on the basis of the general trends and sales volumes in the stores. Despite the continuation of the Covid-19 pandemic, PRG's hiring rate

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. The main driver for both hiring and termination rates is the significant use of temporary resources, which strengthen the Group forces in the stores to cope with the high demand from consumers during peak season, Christmas in particular. This becomes evident when analysing hiring and turnover rates excluding seasonal workers. For the sole PRG for instance, 2021 rates are 15% for hirings and 13% for terminations⁸.



+6%
employees
in 2021

Hirings and turnover rates among permanent employees in PRG



⁷Hiring 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.

⁸The 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

Regarding the aim of enhancing the life-work balance of its employees, in recent years, PRG has implemented a platform dedicated to welfare, which includes several benefits, including health services and wellbeing solutions.

This platform is designed to ensure the retention of talent in the group, an agile, intuitive tool that has been appreciated by all users.

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.

The digital courses explored the topics of digital skills, digital literacy and how to develop the ability to assess and understand what digital technologies are and how people can use them in their private and professional lives.

Furthermore, the discussion focused also on the role of technology in the lives of our children and the importance of play as a form of communication and learning method. According to a survey launched in 2021, the majority of the interviewed VIP customers found Parental Skills at Work useful (88%), especially in relation to the topic of communication skills, game and stress management.



Parental Skills at Work platform

9

on-line modules

9

hours course lenght

2

modules available
in 2/3 minutes pills

12

expert involved

10

scholars
Including 7 university
professors

34

testimonial
video from
parents

Participants and training hours 2021

6,750

participants

11,000

training hours

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. From 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.

The initiative, which is restricted to headquarters employees only, began in July 2021, the month in which two online assessments were submitted to the population: one dedicated to digital culture and one dedicated to remote working.

In light of this new way of working, in November some managers were involved in live training sessions, on how to manage resources remotely. In December, on the other hand, to bring the entire population of the headquarters closer to digital issues, a couple of remote workshops were organised, dedicated to topics such as cyber security, **digital customer experience and artificial intelligence**.

Finally, thanks to the results of the assessments, digital e-learning modules dedicated to the topics of digital culture and smart working were also organised in the early 2022.



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.

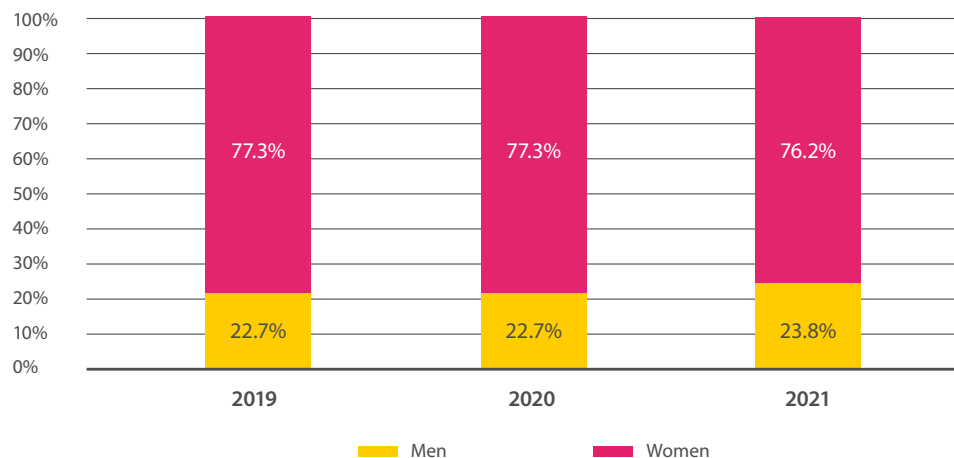
In what way did the tour have a positive social impact on the territories it covered?

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

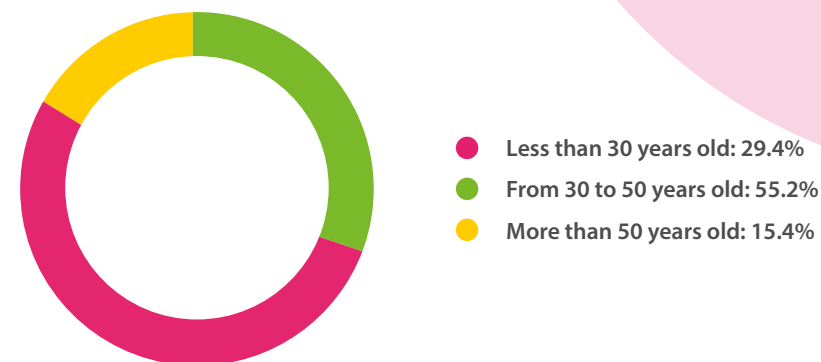


3,865
women

vs. 1,207 men in 2021

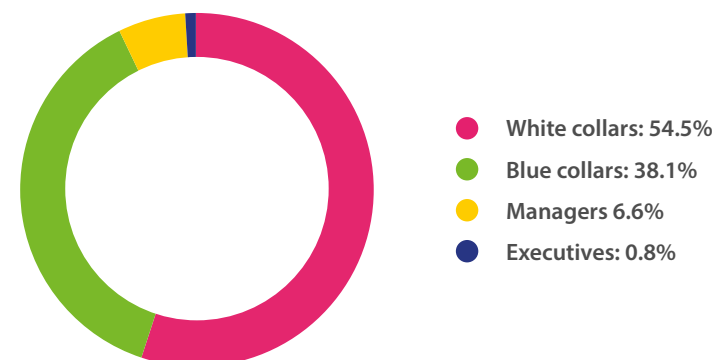
Conscious of the value of having an even balance of experienced and young resources with the right growth potential, the Group features a high degree of variety in its age range composition. Most employees are aged 30 to 50 (55.2%), a percentage which has changed slightly in recent years (56.7% in 2020 and 55.7% in 2019). The percentage of employees younger than 30 years old remains solid (29.4%) and increased slightly compared to 2020 (26.5%).

Employees by age group (2021)



Concerning employee categories, almost 93% of employees are blue collar and white-collar workers (1,932 and 2,185 respectively), with responsibilities in the local stores, the former mainly as salespersons and shop assistants, the latter mostly as store managers. The remaining 7% is made up of managers (334) and executives (42), of which respectively 56% and 26.2% are women. Regarding blue and white collar workers, women represent most of the employees (75.7% and 79.1%, respectively).

Employees by category (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.

⁹A private employer, in order to fulfill the obligation under the Italian Law 68/99, may award a work order to type B social cooperatives. The cooperative hires one or more disabled workers, who can be counted in the company's obligation quota. In this way through the conclusion of an agreement signed by the company, the social cooperative and the Metropolitan City, it is possible to cover the obligation to hire people with disabilities within the limits of the ceilings provided by the New Framework Agreement in effect.



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.



In the three-year reporting period, the hours of training provided by the Group remained basically stable, despite the Covid-19 pandemic. Furthermore, PRG expects an increase in training due to new courses dedicated to the professional development of employees in 2022.

Besides mandatory courses for each category, such as on health and safety training, many additional courses are provided every year based on the employee's needs.

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

AMONG THE COURSES PROVIDED:

1st SESSION

dedicated to the soft skills required by the retail

Proactivity and personal responsibility, Customer orientation, Communication and listening effectiveness, Personal growth orientation

2nd SESSION

dedicated to the client

Understanding customer needs, Importance of product knowledge and use in customer service, Cross-selling/up-selling

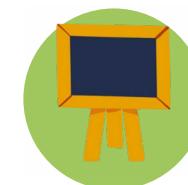
3rd SESSION

practical session

Using the necessary technologies, How to speak in public, Time management, Practical assessment

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.

The Human Resources team and the store managers selected 10 young candidates who, before entering the stores, received additional internal training carried out by the PRG team.



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.

For what concerns the protection of health and safety at work, the Group complies with the Italian legislation and, specifically, with the requirements of Legislative Decree 81/2008. For this reason, Safety Meetings are periodically organised to discuss company safety issues, involving the Employer or its representative, the Prevention and Protection Service Manager (RSPP, the acronym in Italian), the Company Doctor and also the Human Resources and the Technical Department.

The Group has a formalised Health and Safety Policy, which is aimed at regulating the company's activities in compliance with the legislative requirements in terms of health and safety and also aims at improving the Group's performance by raising the awareness of all staff on these issues.



-41%
work-related
injuries
compared with 2019

Additionally, in order to manage all health and safety aspects, PRG has voluntarily implemented a **Health & Safety Management System**, which constitutes a fundamental guide to reducing unsafe conditions with a continuous improvement approach. Amongst the H&S Management System documentation, the procedure for injuries management foresees that, whenever an injury occurred, the Human Resources department is responsible for investigating and reporting the dynamics and, in case of non-compliance, it coordinates with the Technical Department to take corrective actions.

¹⁰Work related injury: negative impacts on health arising from exposure to hazards at work.

Rate of recordable work-related injuries: ratio between total number of recordable work-related injuries and the total number of hours worked in the same period, multiplied by 1,000,000.

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. These injuries are mainly due to improper handlings involving employees working in the stores. Furthermore, no fatalities among employees were recorded over the three-year period¹⁰.

Work-related injuries - Employees	2019	2020	2021
Number of recordable work-related injuries	90	52	53
of which high-consequence work-related injuries	0	1	0
Hours worked	6,590,546	6,144,836	6,587,520
Rate of recordable work-related injuries	13.7	8.5	8.0
Rate of high-consequence work-related injuries	0.0	0.2	0.0

Amongst other workers, namely agency workers and interns (267,520 hours worked in 2019, 163,550 in 2020 and 257,322 in 2021), no fatalities and work-related injuries were recorded in the 2019-2021 period.

High-consequence work related injury: work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Rate of high-consequence work-related injuries: ratio between total number of high-consequence work-related injuries and the total number of hours worked in the same period, multiplied by 1,000,000.

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.



GROWING RESPONSIBLY

Our customers

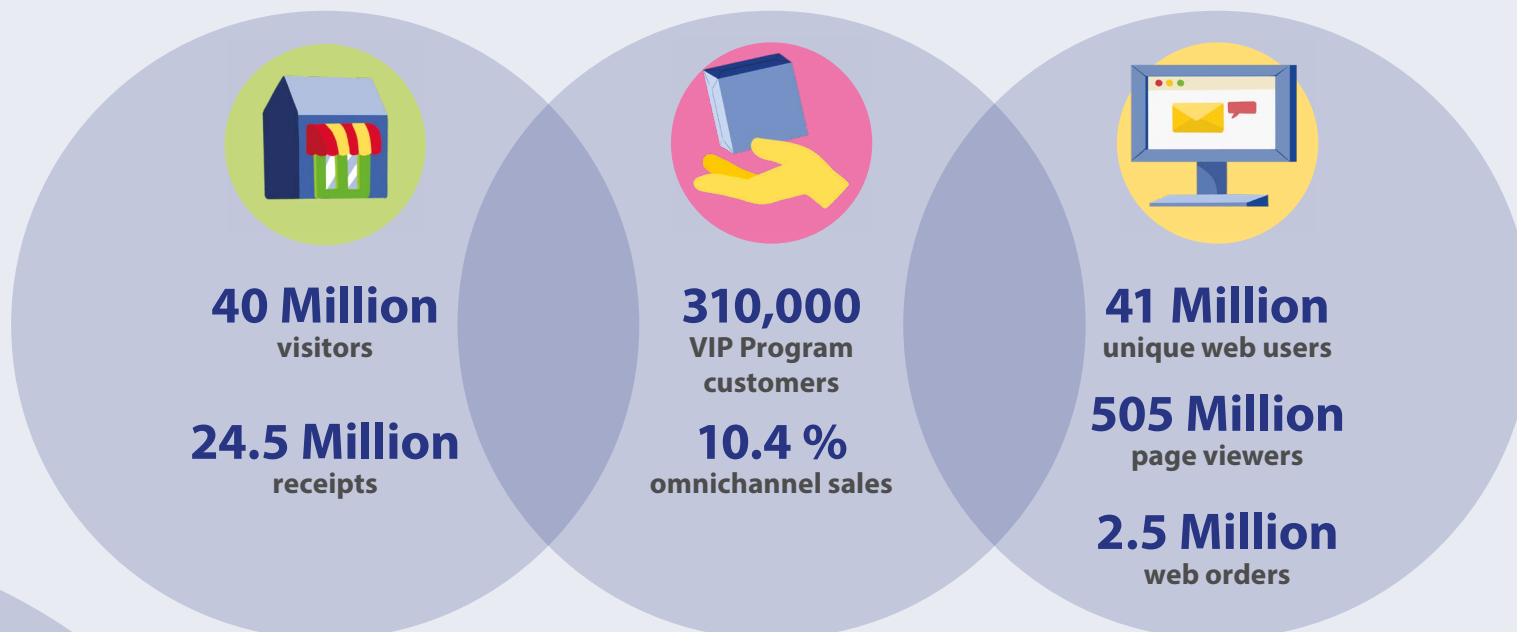
Customers and their satisfaction have always been the core of the PRG strategy and business approach with the aim of establishing long lasting relationships with families during the children's growth.

In continuity with 2020, the Group carried on the development of the **kids & parents hub** model with the aim of becoming a significant market player in the world of parents for their children's growth and leisure needs.

A key driver of this change, on which heavy investments have been made in recent years, is **omnichannel marketing**, the synergic management of physical and online communication channels and customer touchpoints to enhance and strengthen customer experience with the Group's brands.

This transition, in line with general retail trends and further accelerated by the Covid-19 pandemic, involves establishing end-to-end relationships with customers, evolving the model from customer knowledge & loyalty to **customer intimacy & advocacy**.

PRG and phygital transformation



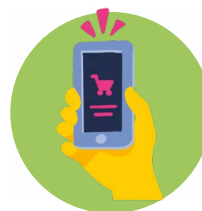
To support the omnichannel approach, the Group invested significantly in digital innovation in 2021, and specifically in four aspects.



Customer service: for Toys Center, Bimbo Store and Prénatal processes were revised in 2021, driven by the request to respond to the needs and desires of consumers in a context of restrictions due to the pandemic. It was decided to create **two new service centers**, where customers are directed for all order-related matters and where PRG staff takes care of customer requests. The other crucial aspect of customer service on which Toys Center and Bimbo Store worked on was the update linked to the notification and shipments updates system. The system was renewed to favor the commitment of the customer to the collection of parcels, with the direct effect of reducing the number of refunds, orders in stock or returning to the warehouse, as well as the indirect but not secondary effect of drastically reducing empty trips made by couriers. These renewals have been appreciated by the consumer, confirmed by the reduction in the number of open tickets but also by external recognition, such as **the score on Trustpilot, a leading consumer review website**.



Logistics: In cooperation with the logistics department, a lot of work was done on **optimising the e-commerce packaging formats**. Solutions have been adopted to streamline the amount of paper used in the packages, which are characterised by great heterogeneity in size, with the aim of minimising damage to the shipped products. Prénatal started to use envelopes made of 80% of recycled plastic. In addition, partnering with the organisation ClimateLine, Prénatal contributes through the supplier to approximately cut 40% of the GHG emissions related to the production of the envelopes.



User Experience has been re-invented for the e-commerce websites. Prénatal, Toys Center and Bimbo Store e-commerce websites were redesigned from the ground up, to make the site navigation experience simple, effective, and pleasant, adapting it to the new needs of the contemporary customer, who in most cases, accesses the site via smartphone.



A fourth aspect relates to how PRG provides families with additional services and supports that going beyond the traditional relations with customers. For example, the possibility to **'click and collect'**, when customers purchase an item and choose to pick up the order at a designated store. Another example would be the **'virtual shopper'**, the opportunity for online customers to interact with experts in the shop, who make their know-how available via their smartphone to support the customer, or the **'personal shopper'**, which consists of reserving a time slot with a store employee who provides assistance and consulting so as not to miss anything for children and pregnant mothers in their ever-evolving needs. Two other initiatives in this regard are the confirmation of **'zero queue'**, which originated during the pandemic period and is now used to ensure an experience without the inconvenience of waiting in queues, and **'locker'** deliveries, available for textile products.

A final initiative specifically designed to provide full support to families is Mommypedia, a periodically updated online blog, where several hints and valuable suggestions are published covering all the milestones of a mother's journey, from pregnancy to weaning babies.

Several tools are implemented for monitoring and measuring the level of appreciation and satisfaction of customers, both related to the sale of the products and the consulting initiatives. Firstly, a customer care service available both by phone and online is constantly active to provide continuous assistance on products and other needs. As per the shopping experience, a specific index (the shopping experience index) is constantly monitored to assess customer satisfaction by means of surveys, which are submitted, after the purchase, both in stores and on the website.

A further key aspect in the relationship with customers refers to the management of their data and their privacy. In this regard, being aware of the sensitivity and confidentiality of the large amount of data it handles, the Group pays utmost attention to its customers' privacy, by adopting a **Privacy Policy**, written according to *Article 13 of EU Regulation 2016/679 (GDPR)* of the European Parliament and of the European Council.

Customer's personal data are processed by PRG, for example, in order to collect information and business proposals needed to develop possible international franchising activities.

Data processing is carried out both electronically and on paper and the computerised tools used in the processing activities are suitable to ensure the security and the confidentiality of data, which are not subjected to dissemination. As required by GDPR, PRG has also nominated a Data Protection Officer (DPO).

Additionally, to exercise the rights provided for by the Regulation, each customer has the possibility of forwarding requests by writing an e-mail to a dedicated email address (privacy@prenatalretailgroup.com). During the reporting period, PRG did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.



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



APPENDIX

Our governance

For PRG **responsible management** means operating according to high quality standards and managing its business activities responsibly. To this end, a governance structure based on a system of proxies that report to a Board of Directors and to the Group CEO has been implemented.

The Board comprises 6 members and it is endowed with the highest responsibility in the achievement of corporate objectives. The Board appoints its Chairman and elects the Chief Executive Officer.

In addition, a Board of 5 **Statutory Auditors** operates in complete independence of the Board of Directors. The Board of Statutory Auditors represents the Group's control body, and it is responsible for overseeing the activities of the directors and for monitoring the compliance with law and the articles of association.

As regards external relations, PRG frames its business relationship with suppliers within the provisions of a **Code of Conduct for Suppliers**, which focuses specifically on compliance with internationally recognised fundamental workers' rights. Full compliance with the Code by suppliers is an essential requirement for the establishment and continuation of positive working relationships with them.

In addition, an essential element of Group's governance is the **Organisational, Management and Control Model**, in accordance with the requirements of the Italian Legislative Decree no. 231 dated 8 June 2001, approved by the Board of Directors of PRG S.p.A. and continuously updated in order to comply with the latest legal provisions. The Model defines the rules, responsibilities, control measures and mitigation actions to be implemented having identified certain risk areas. An autonomous **Supervisory Board (SB)** has been set up to oversee the management of the Company. The Supervisory Board has the function of overseeing, monitoring and controlling the requirements of the 231 Model and must be promptly informed of acts, behaviors or events that may lead to a breach of the Model. In this regard, a **whistleblowing procedure** is in place with a guarantee of anonymity, for reports of any wrongdoing.

The efficacy of the 231 Model implemented and of the Group's governance tools contributed to reach the result of no bribery and corruption related incidents, nor complaints received during the reporting period, nor incidents of non-compliance with regulations concerning product information and labelling.

In compliance with the Code of Ethics and Model 231, PRG has also adopted a **privacy policy** for the protection of personal data, in compliance with the provisions of EU Regulation 2016/679 General Data Protection Regulation (GDPR).

Stakeholders

Stakeholders	Tools and channels for engagement and communication
Consumers & Families	<ul style="list-style-type: none"> • Company website/e-commerce • Brochures and catalogues • Customer service and customer care • Email marketing, SMS • Chat and chatbots • Sustainability Report • Assistance at stores • Social media • Shopping experience surveys • Instore communication • Remote personal assistants from stores
Employees	<ul style="list-style-type: none"> • Intranet • Conventions and meetings • Trade unions • Conferences • Benefits • Code of Conduct • Training • Direct communication (e-mail) • Policies • Annual Report • Sustainability Report
Suppliers	<ul style="list-style-type: none"> • Code of Conduct • Sustainability Report • Meetings • Company website • Audit E-mails and communications
Retailers, Trade & Shops	<ul style="list-style-type: none"> • Meetings and events • Conventions • Company website • Brochures and catalogues • Training • Targeted communication • Sustainability Report
Shareholders	<ul style="list-style-type: none"> • Meetings • ESG Questionnaire • Collaborations • Sustainability Report

Stakeholders	Tools and channels for engagement and communication
Regulators, Authorities and Institutions	<ul style="list-style-type: none"> • Round tables • Multi stakeholders Initiatives and projects • Follow-up on request • Sustainability Report
Competitors	<ul style="list-style-type: none"> • Round tables • Multi stakeholders Initiatives and projects • Follow-up on request • Sustainability Report
E-commerce intermediaries	<ul style="list-style-type: none"> • Projects and meetings • Sustainability Report • Shopping assistance
Media	<ul style="list-style-type: none"> • Social media post • Advertising • Social media interaction • Projects • PR activities • Sustainability Report
Local communities	<ul style="list-style-type: none"> • Projects and events • Sustainability Report • Donations • PR activities
Trade associations	<ul style="list-style-type: none"> • Round tables • Sustainability Report • Meetings and events

GRI 102-8 Information on employees and other workers

Employees by region (headcount)	Unit	2019	2020	2021	Unit	2019	2020	2021
Italy	n	2,784	2,696	2,803	%	56.8%	56.2%	55.3%
France	n	922	957	1,081	%	18.8%	19.9%	21.3%
The Netherlands	n	721	662	678	%	14.7%	13.8%	13.4%
Spain	n	190	197	152	%	3.9%	4.1%	3.0%
Greece	n	134	156	174	%	2.7%	3.2%	3.4%
Portugal	n	83	67	73	%	1.7%	1.4%	1.4%
China	n	8	8	10	%	0.2%	0.2%	0.2%
Switzerland	n	56	58	101	%	1.1%	1.2%	2.0%
Total	n	4,898	4,801	5,072	%	100%	100%	100%
Belgium ¹¹	n	Na	Na	265	-	-	-	-

Employees by region (FTE)	Unit	2020	2021	Unit	2020	2021
Italy	n	2,364	2,471	%	58%	57%
France	n	911	1,030	%	22%	24%
The Netherlands	n	399	408	%	10%	9%
Spain	n	156	122	%	4%	3%
Greece	n	142	164	%	3%	4%
Portugal	n	58	61	%	1%	1%
China	n	8	9	%	0%	0%
Switzerland	n	53	82	%	1%	2%
Total	n	4,090	4,348	%	100%	100%
Belgium	n	Na	252	-	-	-

¹¹ Maxi Toys will be consolidated from the next reporting year.

Employees per type of contract		2019	2020	2021	2019	2020	2021
Permanent	Men	968	983	1,024	19.8%	20.5%	20.2%
	Women	3,094	3,182	3,175	63.2%	66.3%	62.6%
	Total	4,062	4,165	4,199	83%	87%	83%
Temporary	Men	144	112	182	2.9%	2.3%	3.6%
	Women	693	524	691	14.1%	10.9%	13.6%
	Total	836	636	873	17%	13%	17%

Employees per type of employment		2019	2020	2021	2019	2020	2021
Full-time contract	Men	963	957	1,041	19.7%	19.9%	20.5%
	Women	1,998	1,935	2,046	40.8%	40.3%	40.3%
	Total	2,961	2,892	3,087	60.5%	60.2%	60.9%
Part-time contract	Men	149	138	165	3.0%	2.9%	3.3%
	Women	1,788	1,771	1,820	36.5%	36.9%	35.9%
	Total	1,937	1,909	1,985	39.5%	39.8%	39.1%

GRI 401-1 New employee hires and employee turnover

Hirings					Terminations				
Unit	2019	2020	2021		Unit	2019	2020	2021	
By gender									
Women	%	27%	17%	23%	Women	%	22%	19%	19%
Men	%	8%	6%	8%	Men	%	6%	6%	6%
By age group									
Less than 30	%	21%	14%	19%	Less than 30	%	16%	14%	13%
From 30 to 50	%	12%	8%	11%	From 30 to 50	%	10%	9%	10%
More than 50	%	2%	1%	1%	More than 50	%	2%	2%	2%
By region									
China	%	0%	0%	0%	China	%	0%	0%	0%
France	%	7%	5%	6%	France	%	5%	4%	4%
Greece	%	1%	1%	2%	Greece	%	1%	1%	2%
Italy	%	14%	8%	14%	Italy	%	10%	9%	10%
Portugal	%	1%	0%	1%	Portugal	%	1%	1%	1%
Spain	%	3%	2%	1%	Spain	%	3%	2%	2%
The Netherlands	%	9%	7%	7%	The Netherlands	%	9%	8%	6%
Switzerland	%	0%	0%	0%	Switzerland	%	0%	0%	0%
Total	%	35%	23%	31%	Total	%	29%	25%	25%

GRI 404-1 Average hours of training per year per employee

Average training hours by gender and employee category	Unit	2019	2020	2021
Men	h/employee	5.5	5.2	5.3
Women	h/employee	6.6	7.5	6.9
Executives	h/employee	5.7	7.2	13.6
Managers	h/employee	11.2	7.4	11.9
White collars	h/employee	6.5	7.7	6.1
Blue collars	h/employee	5.0	5.4	5.9

Water consumption

Water consumption	Unit	2019	2020	2021
Total water consumption for domestic use in offices and shops*	m ³	143,208	114,336	118,967

* Data refer to PRG, Prénatal Spa, Ca.re Srl, Sire Srl, Carolina Toys Srl, Prénatal Moeder & kind BV, Prénatal LDA consumption.

Waste production

Waste production	Unit	2019	2020	2021
Total waste generated*	Metric tons	2,564.1	3,793.4	3,839.9
of which sent to recycling/reuse	Metric tons	1,669.5	2,979.9	3,011.8
of which sent to landfill	Metric tons	894.6	813.5	828.1

* Waste produced in Stores, offices and Warehouses. Data refer to PRG Spa, PNT Spa, Carolina Toys Srl, Care Srl, King Jouet Sas and Prénatal Moeder & kind BV. All waste generated refers to packaging (e.g., Cardboards and pallets).

NOTE ON METHODOLOGY

The second PRG Sustainability Report covers the calendar year 2021 and the related key performance indicators are presented for the entire 2019-2021 period, except where explicitly stated.

The document, which will be published annually, has been prepared in accordance with the **GRI Standards: Core option**.

This sustainability disclosure is referred to Prénatal Retail Group S.p.A. and its subsidiaries:

- Prénatal S.p.A.
- Prénatal S.A.
- Prénatal LDA
- Prénatal AEBE
- Prénatal Moeder & Kind BV
- King Jouet S.a.s.
- Prénatal Retail Group Asia Pacific Ltd
- Joys S.r.l.
- Carolina Toys S.r.l.
- Etruria Giochi S.r.l.
- Sire S.r.l.
- Ca.Re. S.r.l.
- Ne.Mi Toys S.r.l.

New MT S.a.s (the company to which the Maxi Toys brand refers) will be included in the reporting scope from the next reporting year, as its consolidation dates back to November 2021.

Principle for defining the content and quality of the reporting

This sustainability disclosure has been prepared according to the principles for defining the contents of the report defined by the GRI:

- **Stakeholders inclusiveness:** this document shows the stakeholders of the Group and the ways in which their interests were considered in defining the contents of the report.
- **Sustainability context:** the performances of PRG presented in these sustainability

disclosures are included in the broader context sustainability.

- **Materiality:** the issues reported were identified based on their relevance to the Group's business and to its stakeholders.
- **Completeness:** the material issues discussed in the report are covered in their entirety and represent the most relevant environmental, social and economic aspects for the Group's activities, thus allowing for a complete assessment of PRG performance in the reporting year.

Furthermore, to ensure the quality of the information reported, the principles for defining report quality have been followed as suggested by the GRI.

- **Accuracy:** the level of detail of the contents reported in the document is adequate for understanding and assessing the Group sustainability performance in the reporting period.
- **Balance:** the contents of this document report in a balanced way PRG performance in the reporting period.
- **Clarity:** the choice of clear language and the use of infographic contributions to represent the performance of the Group make this document accessible and easy to understand for stakeholders.
- **Comparability:** the indicators are reported for the 2019-2021 three-year period and are presented with comments relating to their performance in order to allow comparison and comparability of the Group's performance over time.
- **Reliability:** the data presented in the document were collected, processed and validated by the managers of each department with the support of a consulting company.
- **Timeliness:** the sustainability disclosure takes into consideration events occurring after 31 December 2021 that may be significant for the assessment of the Group sustainability performance by stakeholders.

Material topics

The contents of this document reflect the results of the materiality analysis, as required by GRI Standards and described in the Chapter "Let's grow together".

This list of topics has been identified on the basis of a primary desk analysis carried out on benchmark, media, sector and sustainability trends. Consequently, the relevance of

aspects has been detected both externally and within the Group in order to identify the list of the so-called **material topics**, meaning those that have been considered highly relevant from the internal or the external point of view. Material topics identified, representing all the main organisation's significant economic, environmental and social impacts and the influence on the stakeholders' decisions are covered within the

report chapters as described below.

For each material issue, PRG has mapped the links between the GRI topic-specific Standard and has identified the reporting boundaries, i.e. the impacts generated both within and outside the Group.

PRG Material Topic	GRI Material Topic	Scope of the topic		Limitations of the scope
		Internal	External	
BUSINESS INTEGRITY AND ANTI-CORRUPTION	GRI 205: Anti-corruption	PRG	-	-
CHEMICAL MANAGEMENT	-	PRG	-	-
CUSTOMER HEALTH AND SAFETY	GRI 416: Customer Health and Safety	PRG	-	-
CUSTOMER SATISFACTION AND LOYALTY	-	PRG	-	-
EMPLOYMENT, WELFARE, LABOR AND MANAGEMENT RELATIONS	GRI 401: Employment GRI 402: Labor/Management Relations	PRG	-	-
ENERGY EFFICIENCY AND FIGHT AGAINST CLIMATE CHANGE	GRI 302 Energy GRI 305 Emissions	PRG	Suppliers	-
HUMAN RIGHTS, CHILD LABOR AND FORCED OR COMPULSORY LABOR	GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	PRG	Suppliers	-
INNOVATION, RESEARCH AND DEVELOPMENT	-	PRG	-	-
LOGISTICS MANAGEMENT AND TRANSPORT EFFICIENCY	GRI 305 Emissions	PRG	Suppliers	-
MARKETING AND LABELING	GRI 417: Marketing and Labeling	PRG	-	-
OCCUPATIONAL HEALTH & SAFETY	GRI 403 Occupational Health & Safety	PRG	Suppliers	-
PACKAGING	GRI 301 Materials	PRG	-	-
PRODUCT LIFE CYCLE	GRI 301 Materials	PRG	-	-
SKILLS DEVELOPMENT	GRI 404: Training and Education	PRG	-	-
SUSTAINABILITY EDUCATION FOR EMPLOYEES AND CUSTOMERS	-	PRG	-	-
SUSTAINABLE RAW MATERIALS	-	PRG	Suppliers	-
SUSTAINABLE SUPPLY CHAIN MANAGEMENT	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	PRG	Suppliers	-
SUSTAINABLE DESIGN AND CIRCULAR ECONOMY	-			
SUSTAINABLE STORES	-	PRG	-	-

Reporting process and methodology

The data presented in the report has been collected through internal interviews and with the support of a specific sustainability reporting package comprising various sections and spreadsheets, including the selected GRI indicators to represent material aspects in line with GRI Standards. Operating and governance qualitative and quantitative information and that concerning the environment, employees and the other aspects addressed in the document were gathered in interviews and data collection processes.

The present report was subject to the approval of the Board of Directors.

The main calculation methodology and assumptions used to determine performance indicators and figures have been reported below, in addition to those that are already indicated in the specific related sections.

Employees related figures are represented as headcount as at 31 December of the reporting periods and in Full-Time Equivalent (FTE). For King Jouet SAS only, data have been presented aggregated instead of detailed on geographical basis and all employees are referred to France. For environmental data, whenever not available, the Group adopted a conservative approach in the assumptions made, resulting in the adoption of the worst environmental performance of PRG and its related companies. Specifically, greenhouse gas emissions calculations have been carried out based on principles included in the GHG Protocol Corporate Accounting and Reporting Standard and determined as follows. As for energy consumption, and therefore the related emissions, data covers the whole Group, with the unique exception of Ca.Re. S.r.l. and Etruria Giochi S.r.l., which are excluded from the scope of reporting due to the unavailability of data.

CONVERSION FACTORS USED

Fuel density (Diesel conversion from liters to tons)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021
Net Calorific Value (Natural gas and diesel)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021

DIRECT (SCOPE 1) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Diesel, Natural gas for heating and other purpose	Fuel consumption	Ministero dell'Ambiente e della Tutela del Territorio e del Mare (MATTM), Table of national standard parameters, 2019, 2020, 2021	Only CO ₂ emissions were considered
Companies' car fleet	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021	Only CO ₂ emissions were considered
Leakages from air-conditioning systems of refrigerant gases	Leakage	-	Global Warming Potentials (GWPs) are taken from both DEFRA, Conversion factors database (2019, 2020, 2021)

INDIRECT ENERGY (SCOPE 2) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Electricity purchased from national grid – location-based method	Electricity consumption	Terna, Confronti Internazionali, 2019 (Total gross production)	Only CO ₂ emissions were considered
Electricity purchased from national grid – market-based method	Electricity consumption	For European countries: AIB - European Residual Mixes, 2019 and 2020. For China: Terna, Confronti Internazionali, 2019 (Total gross production)	Only CO ₂ emissions were considered
District-Heating Purchased	Heat consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021	CO ₂ equivalent

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Upstream transportation and distribution (Cat. 4) and Downstream transportation and distribution (Cat. 9)	Distance/ Distance per weight transported	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021	Only CO ₂ emissions were considered
Business travels by air, train and car (Cat. 6)	Distance per passenger	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2019, 2020 and 2021	Only CO ₂ emissions were considered

For this first reporting year, Scope 3 emissions comprise a selection of categories chosen according to relevance and data availability. Calculations carried out rely on the following assumptions:

- Category 4 Upstream transportation and distribution and category 9 Downstream transportation and distribution and category data refer to private label products in relation to Prénatal Retail Group S.p.A., Prénatal S.p.A., Prénatal S.A., Prénatal LDA and Prénatal AEBE, while Prénatal Moeder & kind BV and King Jouet S.a.s. are not included.

As for logistic movement of goods related to e-commerce sales, data is only available from April 2019.

- Category 6 Business travels data refer to the entire Group.

For further information and comments to the report, please contact:

sustainability@prenatalretailgroup.com

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	INDICATOR DESCRIPTION	REPORT REFERENCE	NOTES AND OMISSIONS
GRI 102: General Disclosures	GENERAL DISCLOSURES			
	ORGANIZATIONAL PROFILE			
	102-1	Name of the organization	Identity and brands Note on methodology	
	102-2	Activities, brands, products, and services	Identity and brands	
	102-3	Location of headquarters	Identity and brands	
	102-4	Location of operations	Identity and brands	
	102-5	Ownership and legal form	Identity and brands Note on methodology	
	102-6	Markets served	Market presence	
	102-7	Scale of the organization	Market presence Our employees	
	102-8	Information on employees and other workers	Our employees	
	102-9	Supply chain	Code of Conduct for suppliers Supplier qualification and monitoring procedure	
	102-10	Significant changes to the organization and its supply chain	During the reporting period, there were no significant changes to the organisation and its supply chain.	
	102-11	Precautionary Principle or approach	Note on methodology	
	102-12	External initiatives	Community Impact Code of Conduct for suppliers	
	102-13	Membership of associations	Identity and brands	
	STRATEGY			
	102-14	Statement from senior decision-maker	Letter to stakeholders	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	Our governance	

GRI 102: General Disclosures	GOVERNANCE		
	102-18	Governance structure	Our governance
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	Stakeholders
	102-41	Collective bargaining agreements	Stakeholders
	102-42	Identifying and selecting stakeholders	Stakeholders
	102-43	Approach to stakeholder engagement	Stakeholders
	102-44	Key topics and concerns raised	Material topics
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements	Note on methodology
	102-46	Defining report content and topic Boundaries	Note on methodology
	102-47	List of material topics	Material topics
	102-48	Restatements of information	Any restatements of information included in previous documents are appropriately identified in the text by means of explanatory notes.
	102-49	Changes in reporting	Material topics
	102-50	Reporting period	Note on methodology
	102-51	Date of most recent report	2020
	102-52	Reporting cycle	Note on methodology
	102-53	Contact point for questions regarding the report	Note on methodology
	102-54	Claims of reporting in accordance with the GRI Standards	Note on methodology
	102-55	GRI content index	GRI content index
	102-56	External assurance	This report is not subject to external assurance.

MATERIAL TOPICS: GRI 200 ECONOMIC INDICATORS**ANTI-CORRUPTION**

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Our governance
	103-3	Evaluation of the management approach	Our governance
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Our governance

MATERIAL TOPICS: GRI 300 ENVIRONMENTAL INDICATORS**MATERIALS**

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Product end of life
	103-3	Evaluation of the management approach	Product end of life
GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	Product end of life

ENERGY

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Fighting for a better climate
	103-3	Evaluation of the management approach	Fighting for a better climate
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Fighting for a better climate

GRI 103: Management Approach 2016	EMISSIONS			
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Fighting for a better climate	
	103-3	Evaluation of the management approach	Fighting for a better climate	
	305-1	Direct (Scope 1) GHG emissions	Fighting for a better climate	
	305-2	Energy indirect (Scope 2) GHG emissions	Fighting for a better climate	
GRI 305: Emissions 2016	305-3	Other indirect (Scope 3) GHG emissions	Fighting for a better climate	
	SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Supplier qualification and monitoring procedure	
	103-3	Evaluation of the management approach	Supplier qualification and monitoring procedure	
GRI 308: Suppliers Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supplier qualification and monitoring procedure	Data limited to Prénatal Retail Group S.p.A., Prénatal S.p.A. and King Jouet S.a.s. except where expressly indicated.
	MATERIAL TOPICS: GRI 400 SOCIAL INDICATORS			
GRI 103: Management Approach 2016	EMPLOYMENT			
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Our employees	
	103-3	Evaluation of the management approach	Our employees	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our employees	

LABOR/MANAGEMENT RELATIONS			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Our employees
	103-3	Evaluation of the management approach	Our employees
GRI 402: Labor/management Relations 2016	402-1	Minimum notice periods regarding operational changes	Our employees
	OCCUPATIONAL HEALTH & SAFETY		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Health and safety
	103-3	Evaluation of the management approach	Health and safety
	403-1	Occupational health and safety management system	Health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
	403-3	Occupational health services	Health and safety
GRI 403: Occupational Health & Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety
	403-5	Worker training on occupational health and safety	Health and safety
	403-6	Promotion of worker health	Health and safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety
	403-9	Work-related injuries	Health and safety

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Talent development
	103-3	Evaluation of the management approach	Talent development
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Talent development
CHILD LABOR			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Code of Conduct for suppliers
	103-3	Evaluation of the management approach	Code of Conduct for suppliers
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Code of Conduct for suppliers
FORCED OR COMPULSORY LABOR			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	Code of Conduct for suppliers
	103-3	Evaluation of the management approach	Code of Conduct for suppliers
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Code of Conduct for suppliers

SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Supplier qualification and monitoring procedure	
	103-3	Evaluation of the management approach	Supplier qualification and monitoring procedure	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supplier qualification and monitoring procedure	Data limited to Prénatal Retail Group S.p.A., Prénatal S.p.A. and King Jouet S.a.s. except where expressly indicated.
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Customer Health and Safety	
	103-3	Evaluation of the management approach	Customer Health and Safety	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety	
MARKETING AND LABELING				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology	
	103-2	Management approach and its components	Our governance	
	103-3	Evaluation of the management approach	Our governance	
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Our governance	

OTHER PRG MATERIAL TOPICS			
GRI 103: Management Approach 2016	CHEMICAL MANAGEMENT		
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	3.1 Sustainable Materials
	103-3	Evaluation of the management approach	3.1 Sustainable Materials
	INNOVATION, RESEARCH AND CIRCULAR ECONOMY		
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
GRI 103: Management Approach 2016	103-2	Management approach and its components	1.2 Market presence
	103-3	Evaluation of the management approach	1.2 Market presence
	SUSTAINABILITY EDUCATION FOR EMPLOYEES AND CUSTOMERS		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	7.2 Our education
	103-3	Evaluation of the management approach	7.2 Our education
GRI 103: Management Approach 2016	SUSTAINABLE DESIGN AND CIRCULAR ECONOMY		
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	3.1 Sustainable materials
	103-3	Evaluation of the management approach	3.1 Sustainable materials

GRI 103: Management Approach 2016	SUSTAINABLE RAW MATERIALS		
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	3.1 Sustainable materials
	103-3	Evaluation of the management approach	3.1 Sustainable materials
GRI 103: Management Approach 2016	SUSTAINABLE STORES		
	103-1	Explanation of the material topic and its boundary	Material topics Note on methodology
	103-2	Management approach and its components	7.2 Our education
	103-3	Evaluation of the management approach	7.2 Our education

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