

SUSTAINABILITY REPORT

2020



SUSTAINABILITY REPORT

2020

PRÉ
NA
TAL
RETAIL GROUP
GROW WITH US

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Dear
Prénatal Retail Group
stakeholders,


I am proud to guide you through our Group's first Sustainability Report, a synthesis and a picture of the commitment we decided to take actively towards a future of increasingly responsible and sustainable growth for all.

We owe it to the more than 4,800 employees who work with us, to the 22 million families who have chosen us again this year in Italy, France, the Netherlands, Spain, Portugal and Greece, and to the children in the countries where we operate.

This first Report comes to life in a period of great uncertainty generated by the global crisis caused by the Covid-19, against which the Prénatal Retail Group community demonstrated its ability to react with unity of purpose, capacity of innovation, speed and deep awareness of the indispensable service role it plays.

The acceleration we gave to our e-commerce has made it possible to revolutionize and to improve the customer experience of our clients in a very short time span, further strengthening the relationship of trust that binds them to all our brands. And that's not all: in 2020 we launched innovative and bold projects, consolidating the reputation and underlining the relevance of the Prénatal Retail Group in our countries.

Above all, the Prénatal, Bimbostore, Toys Center and King Jouet shops have never failed the mission that guides and inspires them: to simplify life for families with useful and sustainable ideas and solutions, giving them the chance to wonder, play and dream.



In our almost 60 years of history in Italy, which have led us to have 777 shops in Europe and to generate 885 million euros in consolidated revenues, we understood that sustainability for the Prénatal Retail Group is a constantly evolving path linked to contexts, social groups, sensitivities and needs that evolve. Environmental, social and economic sustainability can only grow together.

With this sense of responsibility and great concreteness, and in compliance with the internationally recognized *GRI Standards*, we came to the publication of the Sustainability Report 2020, the first for Prénatal Retail Group.

We are delighted to share it with all of you, our internal and external stakeholders, and I hope that this picture of our commitment and identity will make you feel even more part of a community animated by undeniable values: generosity, passion, simplicity, responsibility and open-mindedness.

Grow with us.

Amedeo Giustini

Group Chief Executive Officer





THE GROUP

A PASSIONATE, OPEN-MINDED, RESPONSIBLE GROUP

We want to grow with families and children,
bringing value to their world in everyday life,
helping them to live to the full.

We are always ready to take on new challenges
with a smile, generous heart, open mind
and unconditional passion.

4 brands

across eight
countries

+4,800

employees
over the world

€ 885 mln

of revenues
in 2020

22 mln

families



IDENTITY AND BRANDS

Growth is a wonderful story, the story of a child's future, who discovers the world every day. With this vision in mind, Prénatal Retail Group (PRG), every year, assists over 22 million families, spread throughout Europe, in caring for their children's growth.

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 emotion.





There are **five words** that most effectively describe
our identity and ambitions.

GENEROSITY

PASSION

SIMPLICITY

RESPONSIBILITY

OPEN MIND



Helping others is paramount.

We put passion and care into everything we do. We tap into emotions and listen to our customers' needs.

Making life easier in every situation.

We comply with regulations, with moral integrity and a sense of duty.

Exchanging ideas broadens our vision, makes us share information, breaks down barriers and widens horizons. Dialogue paves the way for complete commitment. We welcome global opportunities.

A STORY OF OVER 50 YEARS

PRG has an important history dating back over 70 years starting in France and later in Italy, Spain and several other European countries.

1947 1963 1996 2015

Prénatal
was established
in France

**PRÉ
NA
TAL**

Its **first shops** outside
France open in Italy and
Spain

Prénatal
joins the **Artsana family**

Prénatal Retail Group
was established

Prénatal
TOYS 

BIMBO STORE 
King Jouet 

A determination to look to the future with the same vision and passion that moulded the past, certain that the Group and its wealth of experience will always make a difference.

2016

2017

2020

Artsana joins
Investindustrial portfolio

Artsana gets
full control of PRG

Prénatal Moeder En Kind
(Netherlands) is consolidated
in PRG

Prénatal 



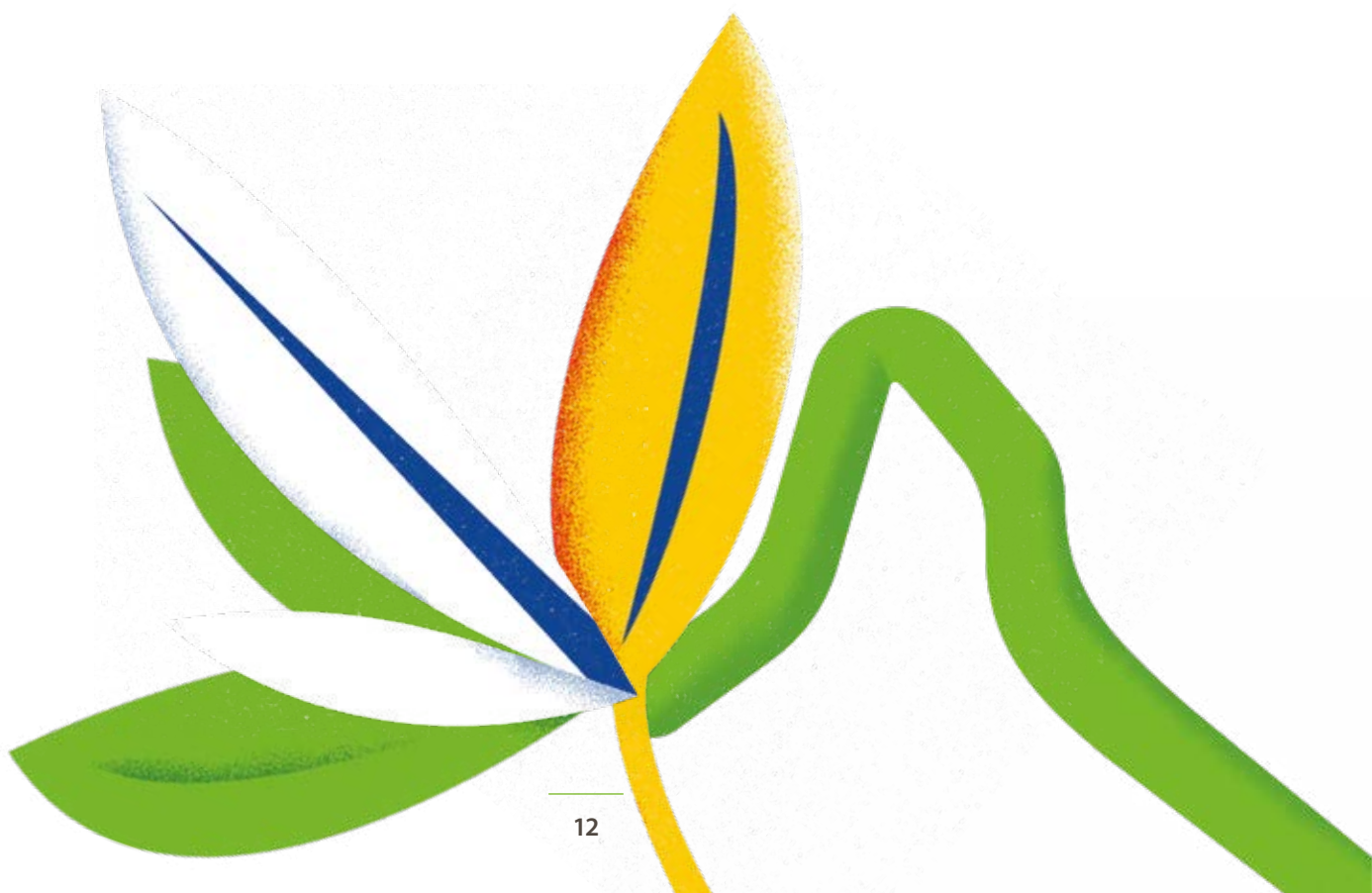
19
different
operative companies

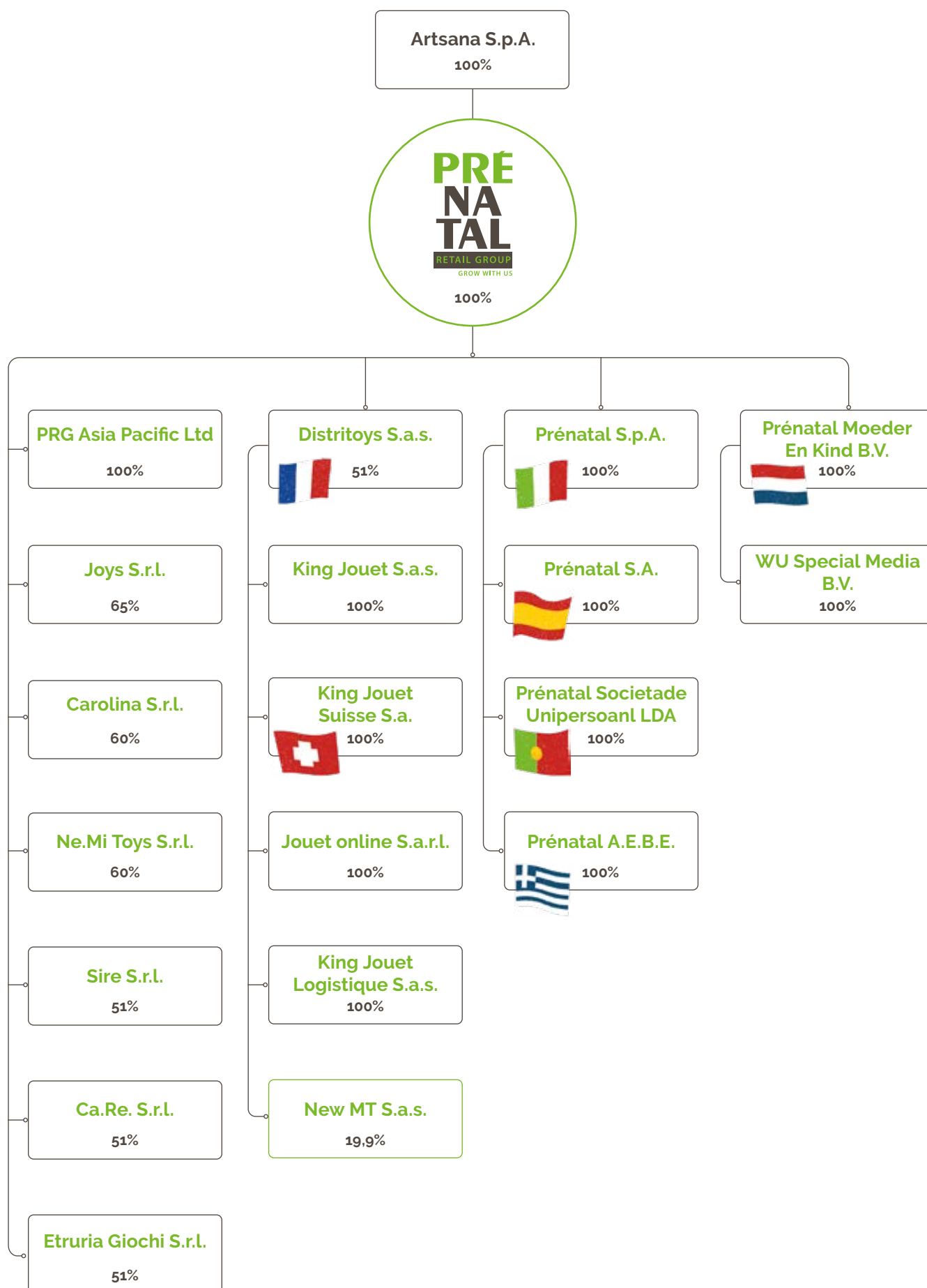


4 brands
across eight
countries

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 19 different operating companies, which bring value to customers through 4 brands across eight countries.**

In August 2020, the PRG Group acquired a 19.9% stake in New MaxiToys company that manages 120 points of sale (Pos) in France and Belgium, which is still not consolidated.



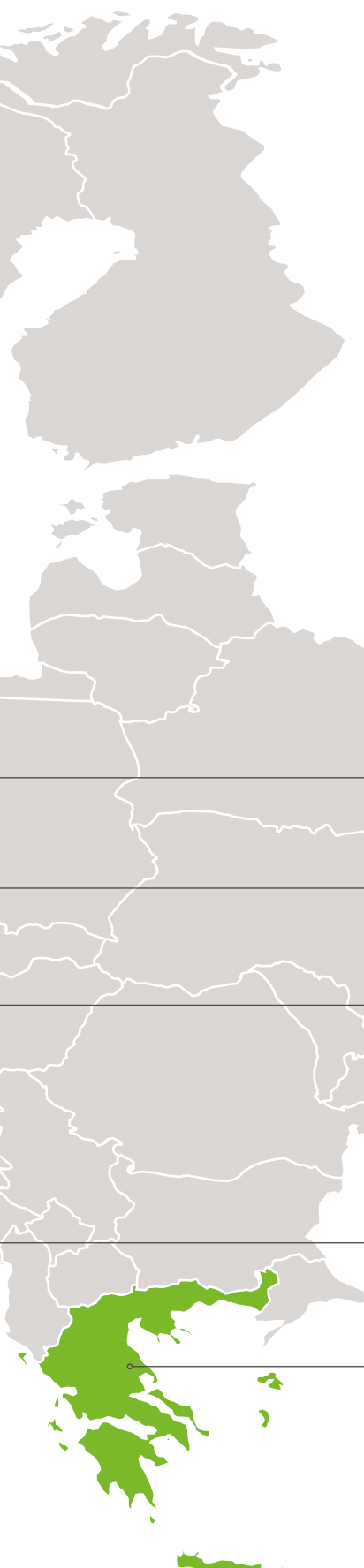


2020 POINTS OF SALE NUMBER

SWITZERLAND
9  King Jouet

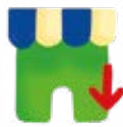
PORTUGAL
10  Prenatal

SPAIN
44  Prenatal



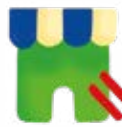
777

Total POS



577

Direct POS



95

Indirect POS



105

Franchisee

NETHERLANDS

42 Prénatal

BELGIUM

1 King Jouet

FRANCE

242 King Jouet

7 Prénatal

ITALY

128 TOYS

97 BIMBO STORE

167 Prénatal

GREECE

28 Prénatal

2 TOYS

The four 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 has a **retail network** of **298 stores**, including 198 directly operated stores, in Italy, Spain, Portugal, Greece, and France. 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**.

More recently, the Dutch company Prenatal Moeder En Kind B.V. entered the Group with the aim of developing further synergies and sharing specific skills, expanding PRG presence in the Netherlands.





Founded in 1875, King Jouet is today the **first specialist retailer in the French market** with large stores and an innovative format, with 252 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.

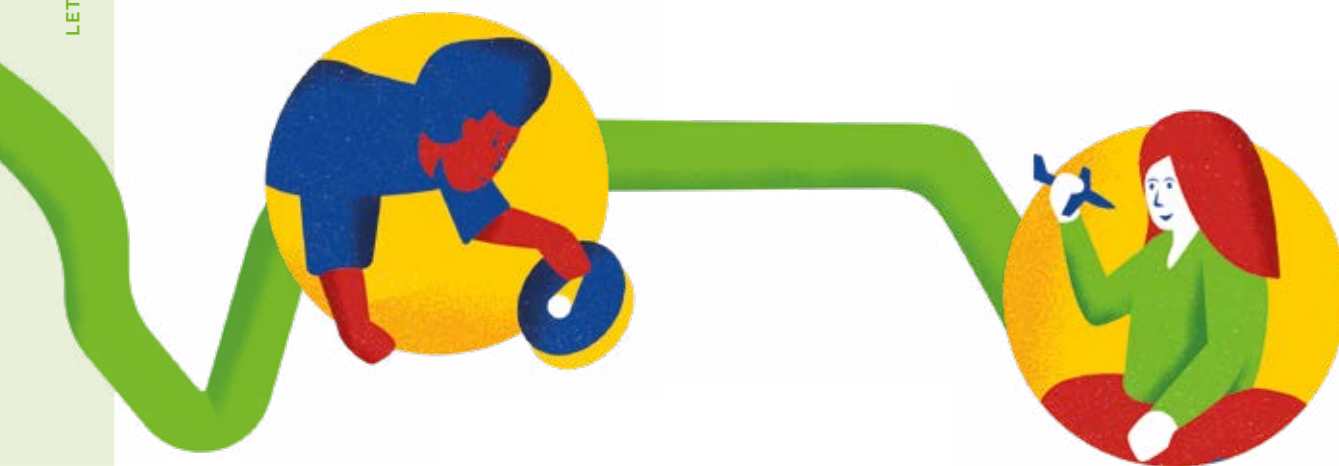


Bimbostore, acquired in 2015, has now **97 stores in Italy**, both directly operated and in partnership and affiliations, with an extensive product range focusing on products for babies and children up to the age of 4.





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 is **the only toy specialist chain in Europe with more than 20% share in the national market.**



In order 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 organized in three product areas, namely Toys, Textile and Childcare** which buy third party products and develop and procure own label products. The aim is to provide a single interface with suppliers and manage the customer relationship with its **brands** Prénatal, Bimbostore, Toys Center and King Jouet reflecting a unique 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 with the **best quality and security standards for its private label products**.



+4,800

employees
over the world

With over 4.800 employees over the world, Group's presence is mainly focused in Europe: its 777 stores, both directly managed and in affiliation, are located in Italy, France, the Netherlands, Spain, Portugal, Greece, Switzerland and Belgium. In addition, the brand is present even outside of Europe with some stores run as franchises.



777

stores

- The majority (around 50%) of the stores are located in **Italy**, partly thanks to the multiple affiliations with local players. All Group brands are present, except for King Jouet. The Group's **headquarters** are based in Cogliate, Monza e Brianza.
- In France, the Group is present with 242 King Jouet stores and 7 Prénatal stores; another 9 King Jouet stores are located in **Switzerland** and 1 in **Belgium**.
- Further significant presence is in **The Netherlands, Greece, Spain** and **Portugal** mostly under the Prénatal brand.



€ 885 mln

revenues in 2020



+56%

of revenues were
generated in the
stores located in Italy

In terms of revenues, the Group generated over € 885 million in 2020, the majority of which (85.4%) directly from points of sale, while a minority, though increasing in value (7% vs 2.9% in 2019) comes from e-commerce. As for regional distribution, over 56% of revenues were generated in the stores located in Italy and 26.9% by those in France. A further 9.2% comes from stores in The Netherlands, Spain and Portugal together (2.3%), Switzerland (2.1%) and Belgium (1.6%). The product mix of European turnover is mainly made up of toys (73%), textiles (13.5%) and baby care and nappies (12.8%).

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 system foresees a matrix structure, in which the Business Units (product and brand) cross with centralised functions (Finance, Quality, Logistics, Legal, HR and IT).

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 autonomy from 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. The **Code** contains the principles by which PRG is guided in its daily activities, reconfirming the importance of ethical and social responsibility in the conduct of business and committing to respecting the interests of all its stakeholders and the community in general. These principles are necessary conditions for the current and future success and development of the Group, in order to foster customer loyalty, the attraction and retention of excellent human resources and relations with suppliers.

In addition, an essential element of Group's governance is the **Organizational, 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), which is publicly accessible from the Group's website and has appointed a Data Protection Officer (DPO) to oversee the issue, which is particularly relevant in the context of significant rise in the volumes of e-commerce.





SUSTAINABILITY

THE PATH TOWARDS SUSTAINABILITY

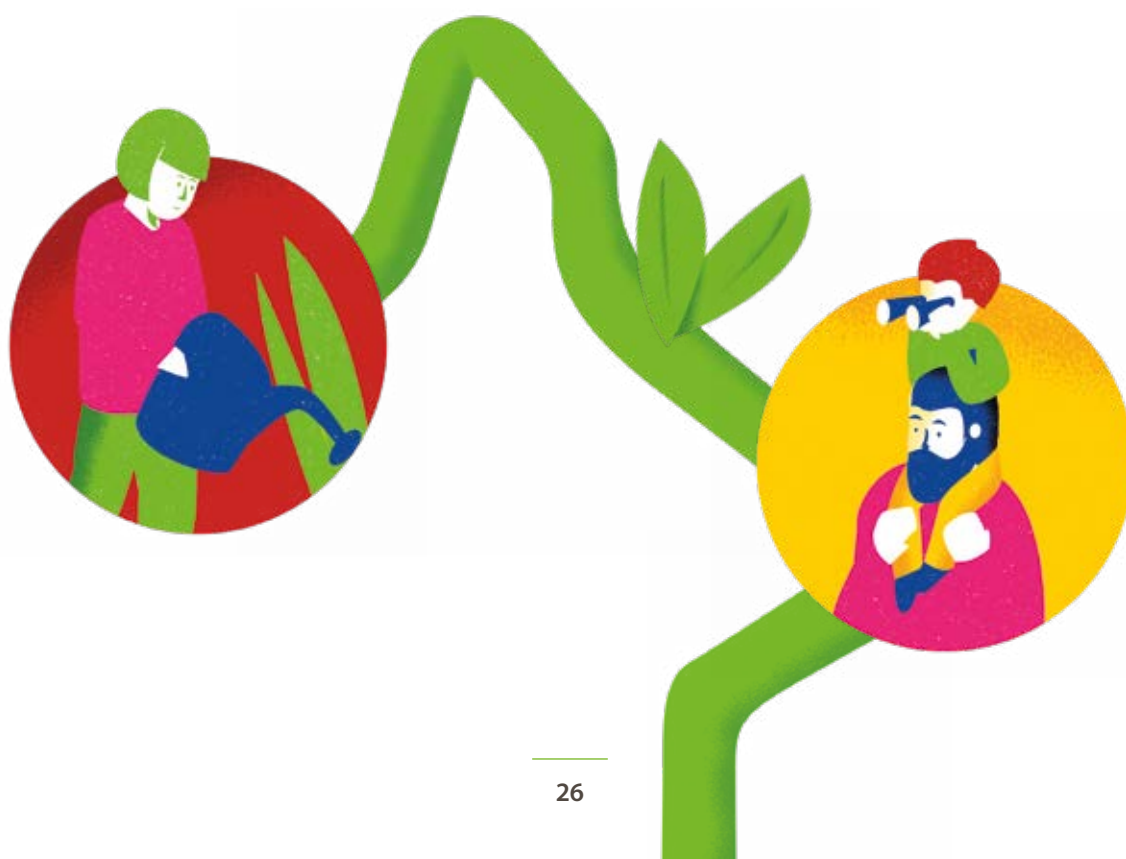
We want to take care of the future and commit ourselves to make the world we live in a better place for the coming generations.

We share this commitment with our stakeholders taking joint steps towards Sustainability. We are all part of a big, aware and responsible family.



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

With the aim of communicating its engagement both within and outside of the Group, **PRG recently began a progressively detailed disclosure and reporting process, revealing its environmental, social and governance (ESG) performances.** From this intention originates this first 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.



STAKEHOLDERS

A fundamental step before determining the relevant sustainability priorities is to identify PRG's stakeholders or those who are involved in the organization as well as those who have other relationships with the Group.

With this aim, PRG's stakeholders have been mapped through an analysis of the corporate structure, business activities, value chain and network of relationships existing around the Group. From the analysis, **nine most relevant stakeholders categories** have been identified, based on their level of influence and mutual dependence from PRG. For each category, the main channels and tools in place to guarantee a transparent and timely dialogue have been detected.



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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Training • Direct communication (e-mail) • Policies • Annual Report
 Suppliers	<ul style="list-style-type: none"> • Code of Conduct 	<ul style="list-style-type: none"> • Company website • Audit
 Retailers, Trade & Shops	<ul style="list-style-type: none"> • Meetings and events • Company website • Brochures and catalogues 	<ul style="list-style-type: none"> • Training • Targeted communication
 Shareholders	<ul style="list-style-type: none"> • Meetings • ESG Questionnaire 	<ul style="list-style-type: none"> • Collaborations
 Regulators, Authorities and Institutions	<ul style="list-style-type: none"> • Round table • Initiatives and projects 	<ul style="list-style-type: none"> • Follow-up on request
 Competitors	<ul style="list-style-type: none"> • Round table 	<ul style="list-style-type: none"> • Company website
 E-commerce intermediaries	<ul style="list-style-type: none"> • Projects and meetings 	<ul style="list-style-type: none"> • Shopping assistance
 Media	<ul style="list-style-type: none"> • Post in social media • Advertising • Social media interaction 	<ul style="list-style-type: none"> • Projects • PR activities

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.

EXTERNAL AND INTERNAL RELEVANCE

In order to identify relevant sustainability topics and to determine their importance from stakeholders' perspective (external relevance), a **preliminary analysis** has been 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 PRG's similar sectors); *sector analysis and macrotrend*, to detect the topics most frequently dealt by the main international organizations on sustainability (e.g., RobecoSam, SASB, etc.) and sector-specific associations, as well as the most relevant and influential non-governmental organizations (e.g., UE, UN, etc.) and sustainability rating agency (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 prioritization of topics in the list, from the Group point of view (internal relevance), ranking them, according to well-defined rules.

The results obtained from each of the functions involved have been collected and aggregated to determine the internal relevance of the sustainability topics for PRG, in terms of environmental, social and economic impacts.

PRG'S MATERIALITY MATRIX 2020

Combining the outputs of the analysis and of the top management's involvement, **PRG's materiality matrix** is 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 business.

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



Specifically, PRG's first 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 and with what the customers expect from PRG products and **"Product life cycle"** to underline the attention, both from the Group and from its stakeholders, towards products with a long life and low environmental impacts;
- **"Innovation, research and development"** and **"Customer satisfaction and loyalty"** are the two other most relevant topics for PRG, underlining the importance that the Group attributes to the research activities with the aim of responding to the needs of the target market and, consequently, to always satisfy its customers;
- **"Sustainable supply chain management"**, **"Employment, welfare, labor and management relations"**, **"Energy efficiency and fight against climate change"** and **"Packaging"** are other most relevant topics for stakeholders and mainly reflect the emerging sustainability issues in terms of support for the employees and respect for the environment;
- the topics **"Marketing and labelling"**, **"Occupational health and safety"**, **"Skills development"**, **"Business integrity and anti-corruption"**, **"Human rights, child labor and forced or compulsory labor"** and **"Logistics management and transport efficiency"** have the same relevance both for PRG and its stakeholders, underlining how these are essential requirements from both sides.

PRG MATERIAL TOPICS

Sustainable supply chain management	Promoting and ensuring responsible behavior 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).
Employment, welfare, labor and management relations	Creating a working environment able to generate strong attraction to 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 organizational changes.
Energy efficiency and 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.
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.
Occupational Health and Safety	Guaranteeing working conditions that ensure full respect of the right to health, the protection of workers' physical well-being and high standards of health and safety at the workplace. Promoting the adoption of preventive measures to reduce potential health and safety risks and implement initiatives that lead to tangible results, also 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 express its potential.
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.
Human rights, child labor and forced or compulsory labor	Ensuring the respect of human rights in the operating sites and the organization 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 minimize costs and environmental impacts by optimizing transportation routes, number and size of loads.

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 minimize 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 respond 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, characterized by high-performances and high levels of durability, able to maximize customer satisfaction and loyalty towards the brand.

PRG OTHER RELEVANT TOPICS

Local community relations	Contributing to community development through the organization and sponsorship of events or initiatives (e.g. mitigation of environmental impact generated by the organization, support to 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.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In 2015 the United Nations launched the Sustainable Development Goals as a call for action by all countries to promote prosperity while protecting the planet.

They promote the implementation of strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and fostering environmental protection.

PRG recognises the importance of the Sustainable Development Goals and is committed to increasingly contribute to their implementation.







OUR PEOPLE

GROWING WITH OUR PEOPLE

We are proud to represent different worlds and cultures,
with diverse and inclusive sensibility.

We want to grow driven by shared beliefs and goals,
fully conscious that our strength comes by respect for
each person's way of being.

Enhancing talent, listening to opinions, boosting
discussion, sharing experiences are essential parts
of our development.

8 countries

retail and offices

+4.2%

employees
in 2020 vs. 2018

77.3%

are women





OUR EMPLOYEES

PRG's results over the years largely rely on the solid ground of its composite workforce, in which every single member contributes significantly to outcomes which are greater than the simple sum of its parts.

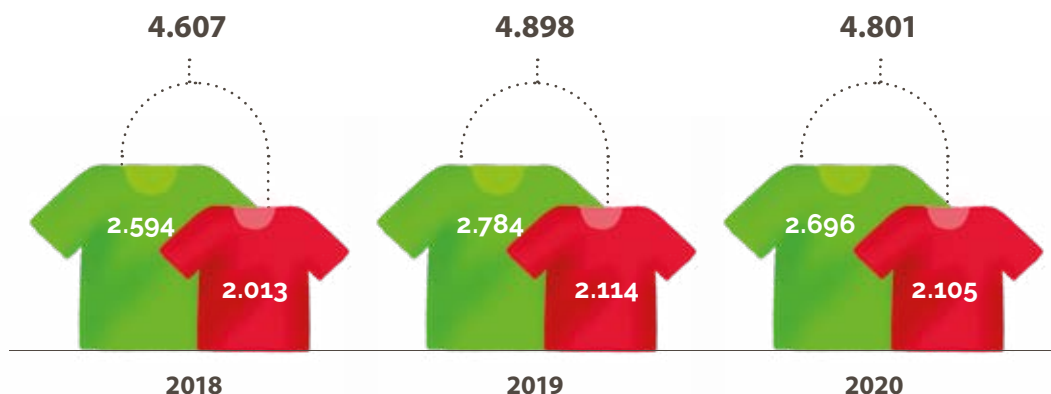
PRG people represent the Group's distinguishing resource, featuring internationality, heterogeneity and a balanced mix of young high-potential and experienced employees.

At the end of 2020, **PRG Group's total workforce amounted to 4,801 people**, with a slight increase over the last 3 years (+4.2% in 2020 as compared with 2018). To the total number of employees, a small fraction of interns and agency workers must be added.

Group employees

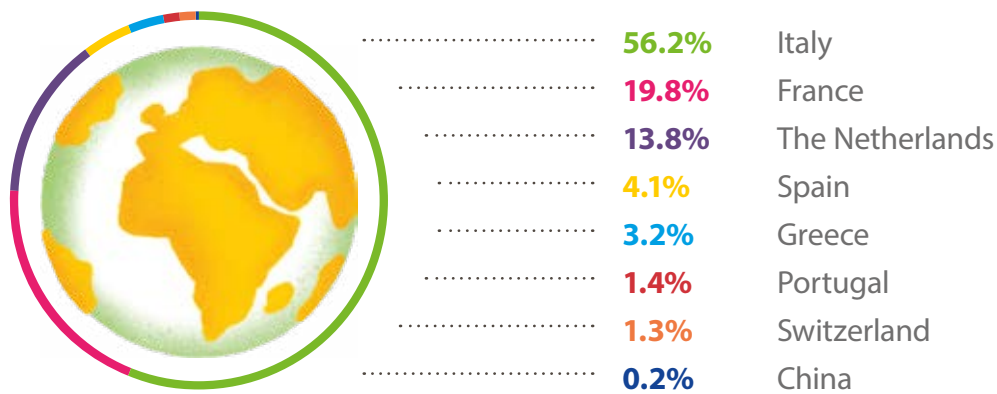
— Italian companies

— Non Italian companies



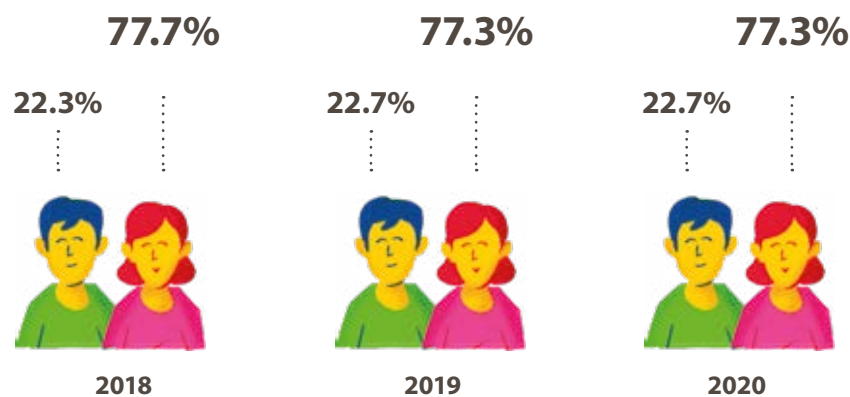
The Group's workforce is employed either directly by PRG Spa or by its several subsidiary companies, spread over 8 different countries. In 2020, over half of the total workforce was employed in the Group's Italian companies (56%), whilst the remaining 44% was distributed amongst France, The Netherlands, Spain, Greece, Portugal and China.

Employees by region (2020)



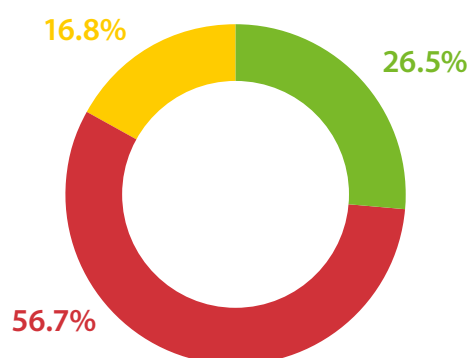
As regards gender distribution, PRG proudly boasts that the large majority of its employees are women (3,710 vs. 1,091 men in 2020), in a stable proportion that has remained unchanged over the last 3 years.

Total employees by gender

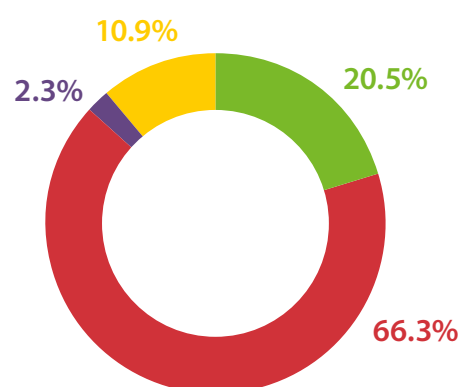


Conscious of the value of having an even balance of experienced and young resource with the right potential for growth, the Group features a high degree of variety in its age range composition. Most employees are aged 30 to 50 (56.7%), a percentage which has changed slightly in recent years (55.7% in 2019 and 57.1% in 2018). The percentage of employees younger than 30 years old remains solid (26.5%) although it decreased slightly compared with 2019 (28.1%).

**Employees by age group
2020**



**Employees per type of contract
2020**



- Less than 30 year old ● More than 50 year old ● Permanent male ● Temporary male
- From 30 to 50 year old ● Permanent female ● Temporary female

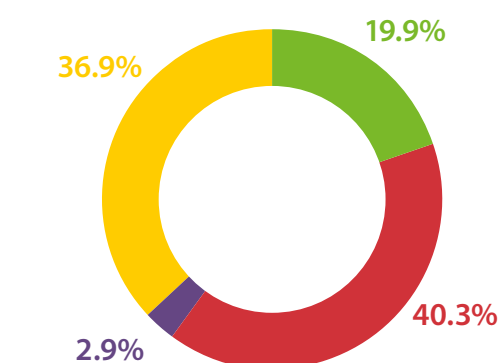
Regardless of age, region and professional category, **PRG strives to build solid and long-lasting relationships with its employees, as a fundamental element of trust and commitment for a stable growth of the communities where it operates.** Temporary contracts primarily concern staff hired during peak 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 2020, 87% of PRG's employees had a permanent contract, slightly up compared with 2019 (83%). It is worth highlighting the growing share of permanent contracts occurring in a year deeply influenced by the uncertainty deriving from the Covid-19 pandemic. This trend interested in particular women

employees (whilst in 2018 2,927 women had a permanent contract, in 2020, the figure rose to 3,182, a considerable increase of +8.6%)¹.

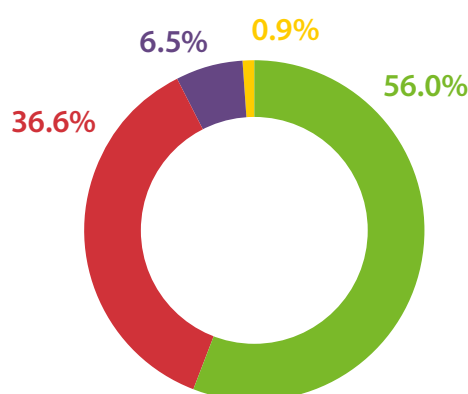
As for the employment type, the majority of employees are full-time (60.2%), but part-time is considered as an important lever to meet employees' private and family needs, and thus ensure a healthy work-life balance: nearly 40% of the workforce have a part-time contract and almost all of them are women (over 92%).

**Employees per type
of employment 2020**



- Full-time male ● Part-time male
- Full-time female ● Part-time female

**Employees by category
2020**



- White collars ● Managers
- Blue collars ● Executives

Concerning employee categories, more than 92% of employees are blue collar and white-collar workers (1,757 and 2,689 respectively), with responsibilities in the local stores, the former mainly as salespersons and shop assistants, the latter mostly as store managers. The remaining 8% is made up of managers (314) and executives (42), of which respectively 58.5% and 21.9% are women. Regarding blue and white collars, women represent the majority of the employees (78% and 79.3%, respectively).

1. As per region distribution, in 2020 temporary contracts were 14% of the total in Europe and 13% in China. With reference to type of employment, 100% of employees in China are full-time.

According to National legislations, the relationship with employees may include collective bargaining agreements, which cover, on the whole, 82.8% of Group's workforce. For instance, PRG Spa, 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 Spa 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 rates² significantly vary on the basis of the general trends and sales volumes in the stores. In a context of a general contraction of consumptions, PRG's hiring rate decreased significantly from 35% in 2019 to 23% in 2020, in sharp contrast with the increase reported in 2019 compared with 2018 (+23%). This figure is particularly marked in Italian companies, in which the number of hirings fell from 667 in 2019 to 367 in 2020. On the other hand, the turnover rate including temporary resources, decreased from 29% in 2019 to 25% in 2020, whilst the previous year the rate did not vary significantly compared with 2018 (32%).

The main driver for both hiring and termination rates is the large resort to 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 analyzing hiring and turnover rates excluding seasonal workers. For the sole PRG Spa for instance, 2020 rates are 13% for hirings and 15% for terminations.

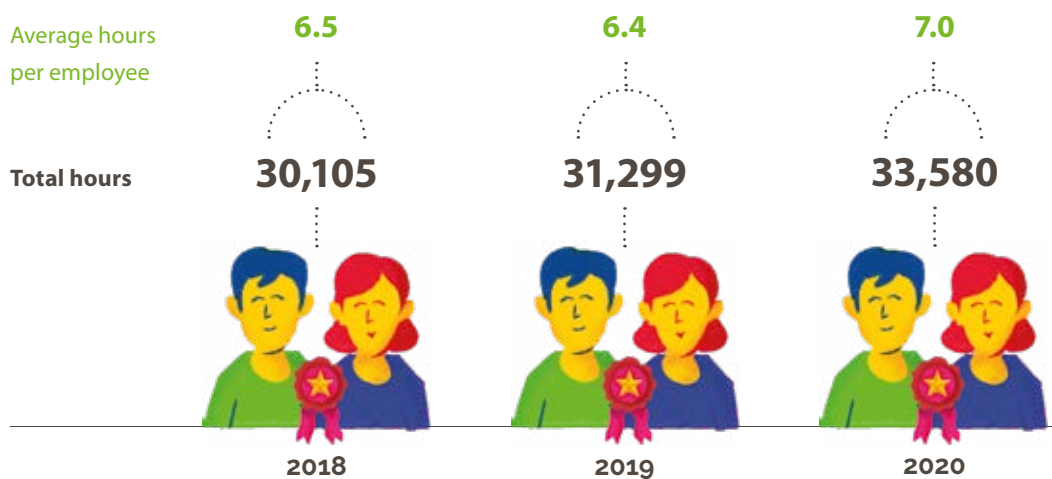
2. Hiring and turnover rates are calculated as the number of hirings and voluntary and non-voluntary terminations respectively per year over the number of total employees at the end of the reporting period.

Hirings and turnover rates among permanent employees in PRG S.p.A.



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 2020, despite the difficulties linked to the health emergency, the total amount of training hours rose from 31,299 in 2019 to 33,580, a significant increase compared with previous year (+7%) and especially compared with the total training hours of 2018 (+12%). In 2020, per capita training hours increased to 7 hours.

Total and average training hours





Besides mandatory courses for each category, such as on health and safety training, or in business integrity and adherence to the 231 model for white collars and managers, many additional courses are provided every year on the basis of the employee's needs. In this regard, **in 2020, PRG launched the “Prénatal-Parental skills at work” project to foster the application in the working world of the skills developed by parents and care givers.**

PRG organized a series of digital encounters held by academic partners, to discover the importance of parental skills (patience, stress management, creativity, empathy, digital skills, communication) and how best to use it 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. Lastly, as regards enhancing the life-work balance of its employees, in recent years, **PRG has implemented a platform dedicated to welfare, which includes several benefits, including sanitary 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.



PRG ESG TARGETS – PARENTING IN PRÉNATAL

Closely related to its core business, PRG is at the forefront in actively supporting parenting even within its own organization. Against this background, the Group is committed to defining and publishing one single corporate policy, gathering all the initiatives and actions taken in encouraging the creation and the growth of new families (e.g., parental leaves and return to work).



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 organized to discuss company safety issues, involving the Employer or its representative, the Prevention and Protection Service Manager (RSPP, for its acronym in Italian), the Company Doctor and also the Human Resources and the Technical Department.

The Group has a formalized Health and Safety Policy, which describes the guiding principles of the commitment made by PRG on these aspects. The Policy aims 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 performance by raising the awareness of all staff on these issues.

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 the actions and behaviors for all the employees with the goal of 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.



-42%

injuries compared
with 2019

As regards numerical data, in 2020 the number of work-related injuries amount to 52, highlighting a significant decrease if compared with 2019 (-42%) and 2018 (-50%). The rate of recordable work-related injuries sets to 8.5, in strong decline with the previous years, as evidence of PRG's continuous commitment to minimize risks for all its employees.

These injuries are mainly due to improper handlings involving employees working in the stores, whilst just one work-related injury has been classified as high consequence. Furthermore, among employees no fatalities were recorded over the three-year period³.

Work-related injuries - Employees	Unit	2018	2019	2020
Number of recordable work-related injuries	n.	104	90	52
of which high-consequence work-related injuries	n.	3	0	1
Hours worked	n.	6,385,118	6,590,546	6,144,836
Rate of recordable work-related injuries	n.	16.3	13.7	8.5
Rate of high-consequence work-related injuries	n.	0.5	0.0	0.2

Amongst other workers, namely agency workers and interns (238,000 hours worked in 2018, 267,520 in 2019 and 163,550 in 2020), no fatalities and work-related injuries were recorded in the period 2018-2020.

3. Work 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.

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.

COVID-19 CRISIS MANAGEMENT

The health emergency due to Covid-19 represents one of the most critical situations that the entire world had to face since many years. In this framework, the Group strived to manage this crisis guaranteeing not only the business continuity but, first of all, the health and safety of its employees.

Specifically, PRG has signed, together with Trade Union Representatives, a **Safety Protocol** for the management of Covid-19 pandemic, in order to contain contagion within the company and workplaces.

With this Protocol, the **Committee for Covid-19** has been established to manage all aspects impacted by pandemic, such as employee safety, relationships with clients and company operativity. It comprises the Human Resources, Workers' Safety Representatives (RLS) and local and territorial Trade Unions.

Furthermore, the Group has invested in a daily and strengthened cleaning service of all the stores, using specific sanitizing products suitable to fight the virus. A plexiglass barrier has been installed at all cash registers and info points to protect both employees and customers. The prevention measures taken also include the provision of FFP2 masks to all employees at the stores as well as the provision of hand and surface sanitizers.

As regards offices, all work environments have been made suitable for the situation caused by the pandemic. Plexiglass barriers have been installed in meeting rooms, office layout rearranged to guarantee the safety distance and, at the same time, smart working has been implemented for all employees. Furthermore, a massive technical intervention has been carried out on the ventilation system in order to enhance the air exchange.

Several procedures have also been adopted, including the Positive **Case Management Procedure**, that foresees that if an employee tests positive for Covid-19, the Company Doctor is promptly notified and the Technical Department informed in order to get the areas where the employee worked immediately sanitized and, depending on regional regulations, different procedures are then activated.



INITIATIVES FOR EMPLOYEES

- Smart working and onsite presence reduction plans: remote working for up to 100% of employees provided with appropriate equipment.
- Definition and signing of Protocols for Covid-19 management.
- Introduction of paid leave to cover lost days due to Covid-19.
- Re-design of premises' capacity of offices and meeting rooms.
- PPE (e.g. face masks, gels, plexiglass barriers).
- New employee welfare system for Covid-19.
- Activating of social shock absorbers and loan mechanism by the company.



INITIATIVES FOR CUSTOMERS

- Enhancement of websites and customer care services online, on the social networks and at the toll-free number.
- Home delivery directly from shop.
- Toys Drive and Prénatal Drive-in.
- In-store smartphone for distant sale, personal shopper, reservations.
- PPE and prevention (e.g. plexiglass barriers in front of the cash register and info point, FFP2 face masks, gels, sanitisation).
- 60 always active PoS terminals .
- Ufirst - appointment management and in-store attendance quotas.

OUR COMMUNITIES

Coherently with PRG's value proposition, which is deeply related to infancy and family issues, the Group has long supported initiatives and organizations whose activities benefit the conditions of children and families in disadvantaged situations.



€ 406,000

of donations
since 2018

Since 2005 the social Foundation “**I Bambini delle fate**” 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. **PRG recognized a deep affinity with the mission and the activities of this Foundation and therefore decided to financially support its projects** aimed at accompanying, including and granting autonomy to many families who live the challenge of autism and disability every day.

Since 2018 donations by customers and PRG in the Christmas period amounted to € 406,000. This sum enabled the setting up of “Social time Banks” (Banche del Tempo Sociale) in Lodi and Rome: these are special banks led, instead of money, by students’ time dedicated to children with autism, facilitating friendship.





€ 300,000
since 2018

PRG is a partner of “**Banco dell’infanzia**”, a national event promoted by **Mission Bambini Foundation** (launched in 2014). **The company made its commercial chain available, supported the costs of promotional materials distributed within the shops and made a donation in favor of the Foundation.** During the Christmas period, Prénatal supports the #fattiGRANDE campaign through a donation of a percentage of the income from selected products within the Christmas catalogue. **In the last 3 years results of Banco Infanzia and Christmas campaigns reached almost € 300,000.**



€ 70,000
donated to hospitals
since 2018

“We donate for something important” is the slogan chosen by PRG for Christmas fundraising campaigns in Campania (Italy) by the subsidiary Carolina Toys launched in the five Toys Center stores in Naples, Giugliano, Pompei, Salerno and Nocera Inferiore. **Since 2018 € 70,000 has been donated through Locanda Almayer to the oncology-hematology department of the hospital “Andrea Tortora” in Pagani (Salerno) to enable the oncology-hematology department to build the Telecardiology unit and to the neonatal intensive care of the hospital “Umberto I” in Nocera Inferiore (Salerno).** The fundraising campaigns took place between October 2020 and June 2021.



50,000
chocolate eggs
donated in 2020



On the occasion of the Easter holidays 2020, with a symbolic gesture, **PRG donated 50,000 chocolate eggs**, partly to the Civil Defence, to distribute them to health and social care personnel in the hospitals of the province of Varese and partly to the **Banco Alimentare Onlus Foundation**, to deliver them to the most vulnerable families.



VALUE CHAIN

GROWING WITH OUR VALUE CHAIN

Our Customers are the heart of our world.
We constantly dedicate time and resources to understand
their desires and needs better and better, and to create
long-lasting bonds, capable to go beyond trends
and emotions.

We do this in our stores, as well as on-line,
in collaboration with selected and reliable partners for
an authentic, customised and integrated experience.

40 mln

admissions into Group
points of sale

250

suppliers

96 mln

omnichannel
revenues





OUR CUSTOMERS

Since its foundation in 2015, PRG has always considered customer centrality and satisfaction as cornerstones for its strategy and approach.

The original purpose of creating an international hub for the distribution of toys and childcare products was aimed at leveraging the synergic effects of various product categories and historical brands in order to offer customers the most comprehensive experience tailored to their needs.

With this approach, the Group aspires to establishing rich and lasting relationships that can accompany families throughout their children's growth cycle, with timely responses to each stage of growth. **The organizational structure currently adopted by the Group, which provides for the collaboration of various business units each dedicated to one or more brands, is functional to an increasingly careful identification by customers with a value proposition that best meets their demands.**

Product quality is managed centrally by a specific department in charge of assuring total compliance with current regulation, monitoring customer satisfaction and supervising the sustainability of the supply chain. **In 2020, the Group placed further emphasis on its customers, launching the development of a kids & parents hub model with the aim to 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 investment has been made in recent years, is omnichannel marketing, that is 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 during 2020 by the impact of the Covid-19 pandemic, involves establishing end-to-end relationships with customers, evolving the model from customer knowledge & loyalty to **customer intimacy & advocacy.**



Just to mention some examples, the Prénatal brand provides families with additional services and support that go beyond the traditional relations with clients. Within its stores, staff provide assistance and consulting so as not to miss anything for children and pregnant mothers in their ever-evolving needs. Some of these services can be requested online by choosing the most suitable store and time.

A further initiative specifically designed to provide full support to families is web unique user **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 by customers, both related to the sale of the products and to the accompanying and 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 for assessing customers satisfaction by means of surveys, which are submitted, after the purchase, both in stores and on the website. In 2020, 17,973 answers were received.

In addition, **each brand periodically measures its Net Promoter Score (NPS) to assess customer loyalty, measured through face-to-face interviews with actual and potential customers outside of the Group's point of sale, by third party interviewers**. The NPS methodology assumes a subdivision of respondents, according to the rating they provide, into "Promoters", "Passives" and "Detractors". The overall score ranges from -100, if all respondents are detractors and +100, where respondents are promoters. NPS is measured on a yearly basis, but the most recent data refer to 2019, due to the pandemic and the difficulties to conduct interviews during lockdown or semi-lockdown periods in 2020⁴. The results achieved by the Group were above the business sector average⁵.

4. Results from 2019 interviews, conducted in October 2019 for a total of 6,295 interviews under normal interview and weather conditions. Locations where statistically spread through the countries depending on PoS spread.

5. A survey from the U.S. market by Temkin Group (2018) showed an average score equals to 29 for the retail sector, with a low of 4 and a high of 51



BRAND		NPS	PROMOTERS
	18 locations 2,702 interviews	50	53%
	16 locations 948 interviews	56	58%
	Italy 16 locations in Italy 2,250 interviews	50	54%
	Spain 5 locations in Spain 395 interviews	52	58%

Customer satisfaction, according to PRG's point of view, also includes full attention to health and safety. For this reason, PRG is committed and works closely with suppliers to ensure the highest quality and safety standards for its products, according to the current international regulations. According to this, **PRG enacts frequent and periodic controls and audits on quality, carried out both internally and by experienced third parties.** For private label products, PRG defines quality requirements, product testing and inspection plans in order to offer exclusively safe and quality products to the market. 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 precautionary measure, PRG can withdraw it from the market, even in absence of not compliance with laws. This has been the case on two occasions in 2018 (the Highchair for dolls and the Experimental set) and 2019 (*Wooden Puzzles and the Googly animals*). In addition, in 2020, there was one case of temporary and voluntary suspension of sales of two stroller models, but at the time this document is edited, the dispute is still open and under investigation. The recalls of the Googly animals, the Highchair dolls and the suspension of strollers in 2020 were agreed with the authorities.

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 computerized 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, in order 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.



OUR SUPPLIERS

Given the retail-oriented nature of the Group's business, establishing strong relationships with its supply chain stands as key feature of its sustainability performances, placing the values of trust, collaboration and respect for people's well-being at the heart of the relation with all suppliers.



250

suppliers

As for private label products, PRG counts on approximately 250 suppliers, primarily located in the Far East (China, India and Bangladesh), Europe and Central Asia and Near East (Pakistan and Turkey). 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 relation. These criteria are enounced into the Code of Conduct for Suppliers, which must be subscribed by all suppliers and which aims to promote and assure the fundamental rights of employees, the safety of buildings and respect for the environment.



CODE OF CONDUCT FUNDAMENTAL REQUIREMENTS

Health and Safety	Suppliers must ensure the safety of the premises, starting with regulations against fire hazards, electrical systems and hazardous chemicals.
No child labour	Suppliers do not employ children under the age of 15 in manufacturing processes.
No hard labour	Suppliers are prohibited from employing involuntary forms of labour, applying restrictions to the freedom of workers (imprisonment and prohibition to leave the employment contract).
No coercion or harassment	Suppliers shall oversee that no employee is subject to any type of corporal punishment, violence, or physical, verbal, sexual, psychological or racial abuse of power.
No discrimination	Suppliers do not tolerate any form of discrimination based on ethnicity, class, origin, religion, disability, gender or trade union membership.
Salaries, compensations and working hours	Suppliers comply with local laws and collective bargaining agreements for what concerns minimum wages, overtime work, all forms of leave, holidays and pensions.
Freedom of association and the collective bargaining rights	Suppliers must respect the right of workers to join or form trade union associations and the right to engage in collective bargaining.
The environment	Suppliers are required to act to prevent and reduce the impact on the environment by developing a plan for careful waste management, water purification and reduction of GHG emissions.
Fraud and corruption	Suppliers are liable to be terminated if they are involved in corruption or fraud.
Transparency	Suppliers are required to conduct business with transparency, honesty and accountability.
Management system	The suppliers' top management has the obligation to ensure compliance with the Code, local laws and international laws.

In order to ensure a continuous and close monitoring over all the supply chain, PRG's supply chain management is organised into four interconnected processes, that cover the selection and qualification of new suppliers, the monitoring of the maintenance of specifications, the product monitoring and finally the after-sales activities.

SUPPLIER QUALIFICATION PROCESS

The supplier qualification process is of paramount importance to avoid supply disruptions, prevent accidents and protect the company's brand reputation.

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 certified by third party is assessed, such as quality management systems (e.g., ISO 9001); social responsibility systems according to Social Accountability (SA) 8000; auditing systems according to BSCI (Business Social Compliance Initiative) and SEDEX (Supplier Ethical Data Exchange) or ICTI Ethical Toy Programme; environmental systems according to ISO 14001.

Depending on the results of this first documental screening, **an additional auditing phase** (that can be carried out both by PRG staff or externally) may be foreseen in order to assess the full compliance to mandatory criteria. Any possible non-conformity may prevent a supplier to proceeding in the qualification process, unless they are resolved by the supplier.

Once suppliers have passed the qualification stage, they are required to **subscribe the Code of Conduct and a contractual agreement that includes acceptance of specific product quality and safety standards**. Failure to comply with these standards may lead to the breach of the supply contract.

A copy of the Code is posted in each of the manufacturers' establishments, in a prominent place and contains contact details to which workers can anonymously report violations directly to PRG.

This qualification system allowed the Group to screen, during the entire three-year reporting period, all new suppliers based on social criteria. A further development of the qualification process the Group is currently working on aims to introduce also environmental criteria in the forthcoming years, as well as random environmental audits on suppliers' plants.



THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

The “Accord on Fire and Building Safety in Bangladesh” (Accord) is an agreement involving the International Labour Organization (ILO), major global retail companies, the local garment industry and local trade unions, aimed at ensuring safety standards in Bangladeshi manufacture plants. The rationale behind is that no worker needs to fear fire, building collapses or other accidents that can be prevented with reasonable health and safety measures. The purpose of guaranteeing safety in Bangladesh factories dramatically emerged in 2013 as a result of the terrific incident occurred at the *Rana Plaza in Dhaka*, where over 1,000 workers lost their lives and further 2,500 got injured, due to the lack of safety conditions in the building.

The agreement binds the brands to work exclusively with suppliers who prove to implement appropriate safety management system in their premises. The same association provides for periodic inspections, assessing the security of structure, fire prevention systems and electrical systems. The main new element is the legal and juridical commitment of brands to financial compensation in cases of accidents.

PRG has been a signatory to the programme since its inception, along with more than 200 fashion companies around the world and renewed its commitment in 2018.

It is worth noting that PRG has recently developed its own audit programme to assess safety conditions in production facilities in Pakistan. The group looks forward to the expansion of these auditing practices, which can achieve the depth and effectiveness of Accord exclusively through a collective action involving all stakeholders.

PRODUCT VALIDATION

After all relevant technical documentation is acquired, **for each product, PRG defines the specific requirements, that vary according to the product category, to be met in addition to the general requirements accepted at the qualification stage.** Results must be validated by analytic and chemical tests carried out by independent specialist in dedicated laboratories, before starting mass production of the approved and certified sample (golden sample).

PRODUCTION MONITORING

Once qualified, **suppliers are periodically monitored through inspections carried out both by Group employees and independent third parties,** aimed at ensuring that the specifications and criteria assessed at entry are maintained. These inspections can take place both in the production phase in the plant (DUPRO, or During Production Inspections) and in the phase immediately prior to batch shipment (pre-shipment inspections).

PRG's goal for 2021 is to implement a structured audit system for environmental issues, along the lines of that already in place for quality and social topics. This will allow the Group to map more accurately the level of supplier compliance with the Code with regard to the environment, with a particular focus on water consumption and waste management.

In parallel with DUPRO and pre-shipment inspections, PRG performs inspections on randomly selected product batches to verify compliance with the specifications.



AFTER-SALES

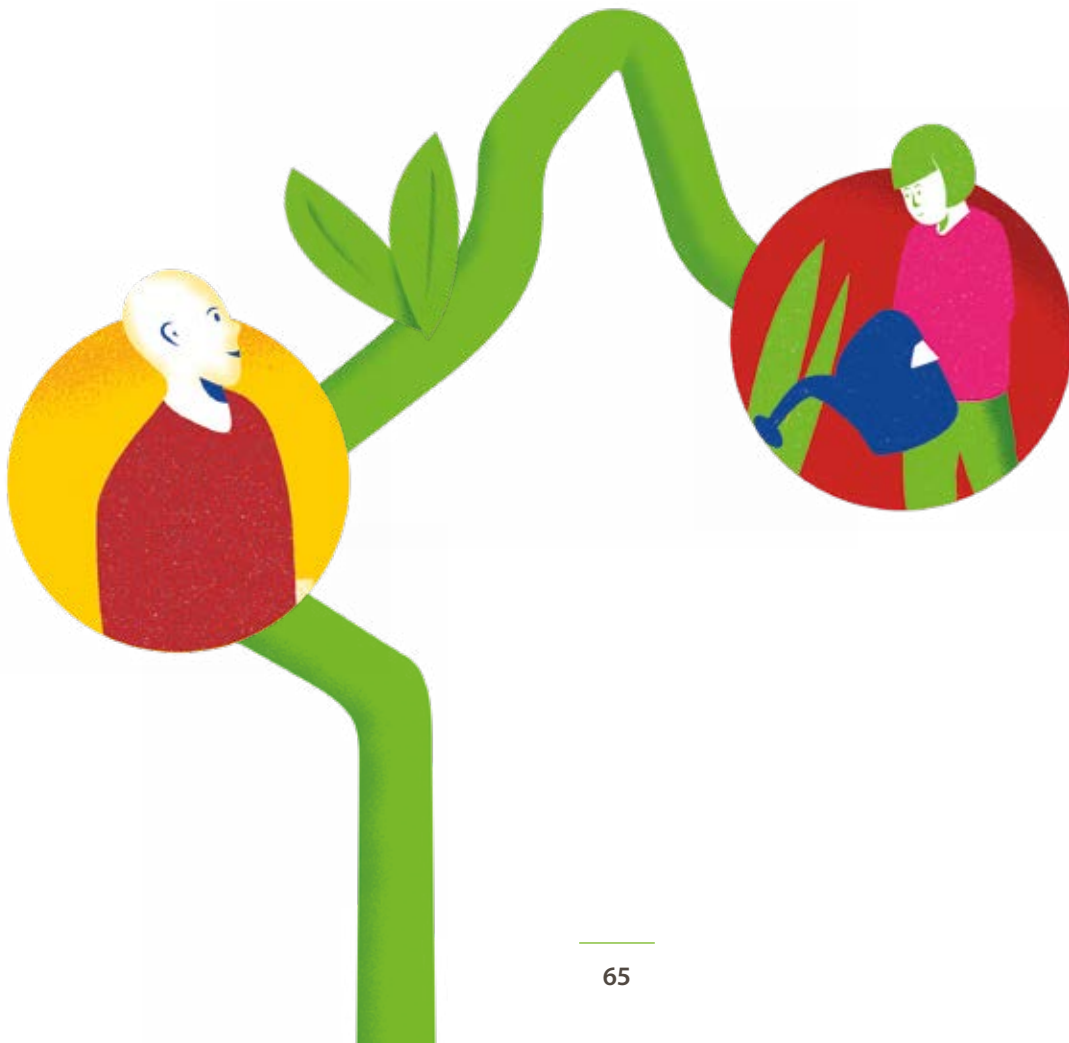
Lastly, even after entry into the market, following any report or complaint about a product displayed in stores or sold, **a special investigation takes place that can lead to corrective actions ranging from modifying future production**, to withdrawing the product from the market. PRG's approach involves the rigorous adoption of the PDCA (Plan-Do-Check-Act) method for control and continuous improvement of processes and products.



PRG ESG TARGETS – SUSTAINABLE SUPPLY CHAIN

Any non-compliance detected during monitoring processes is classified as minor, major or critical, based on parameters that reflect the severity of the noncompliance. As evidence of the effectiveness of the supplier qualification and monitoring system, the Group has set the objective of immediately suspending suppliers with critical social non-conformities.

Besides quality and ethical monitoring, a further strategic stream of activities that characterized the relationship between PRG and its suppliers refers to **innovation and product design**. In this sense, **the Group works very closely with suppliers to establish the product customisations deemed necessary to meet market expectations and needs**. For textiles, PRG specifically draws inspiration for its prototypes from the Italian textile tradition, conducting the design process entirely in Italy and then defining the best workmanship with selected suppliers.





ENVIRONMENT

GROWING PROTECTING THE ENVIRONMENT

This planet is our home; it is home for our today's and tomorrow's Customers. Respecting, protecting and honoring its beauty improves our life and guides our personal and business choices.

We take on new paths every day, together with all our travel companions.

-16%

energy consumption
vs. 2019

Wood'n Play

100% eco-friendly
sustainable line

**Forever
Young**

second life project





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 consumption and its suppliers' activities in order to strengthen partnerships that can eventually lead to efficiency and overall lightening of its environmental impacts.

Although 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 underscoring that no environmental incidents or fines have been recorded in the reporting year 2020. In addition, suppliers, which, in many cases, are producers and manufacturers, are requested not only to be fully compliant with the regulations on environmental matters, but also to actively work to prevent and restrict their environmental impact, specifically having in place a plan for the management and recycling of waste and for the purification of wastewater, as well as for the reduction of greenhouse gases (GHG) emissions into the environment.

In relation to the Group's activities, the main impacts are related to the management of the 777 points of sale, headquarters and central warehouses and logistics activities. Specifically, energy sources are electricity used for both lightening and air conditioning in the stores and offices, diesel and natural gas for heating, in addition to fuel (gasoline and diesel) for car fleet. Furthermore, many of the Group's premises in Italy are heated by district heating systems.

PRG commitment to an efficient use of energy sources is primarily testified by the 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.



-16%

energy consumption
in 2020

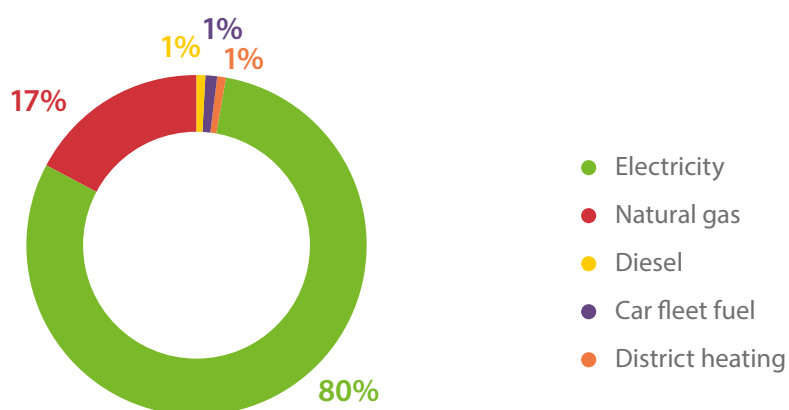
The total energy consumed by PRG in 2020 amounted to 239,571 GJ, with a decrease of over 16% compared with the previous year in line with the suspension of activities in many Group's stores during 2020 and to the halt to travels for the Covid-19 restrictions. The fall in energy consumption was recorded, albeit at different rates, for each energy source used and particularly for electricity and natural gas (-13% and -17% respectively).

SOURCE	Unit	2018	2019	2020
Energy consumption for buildings	GJ	274,686	276,519	237,711
<i>Of which from electricity</i>	<i>GJ</i>	<i>213,912</i>	<i>219,977</i>	<i>190,280</i>
<i>Of which from natural gas</i>	<i>GJ</i>	<i>55,908</i>	<i>50,551</i>	<i>41,805</i>
<i>Of which from diesel</i>	<i>GJ</i>	<i>2,603</i>	<i>3,464</i>	<i>3,382</i>
<i>Of which from district heating</i>	<i>GJ</i>	<i>2,263</i>	<i>2,527</i>	<i>2,244</i>
Energy consumption for car fleet	GJ	10,220	10,340	1,861
Total energy consumption	GJ	284,906	286,859	239,571

The main energy source is electricity drawn from the national grid for lightening and cooling systems, which accounted, in 2020, for almost 80% of the total energy consumption. Another relevant source (17%) 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 final 1% is represented by the consumption of fuel (for both diesel and gasoline vehicles) used to power the company's car fleet, which usually accounts for a major share of Group's consumption but decreased considerably due to the severe travel restrictions in 2020 due to Covid-19. 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 Spa, in order to contain emissions.** Lastly, as a further consequence of the pandemic, indirectly, the consumption of fuel by commuting employees also fell during 2020, thanks to decision of the Company to increase smart working when possible.

Energy consumption by source in 2020



In line with the commitment towards a responsible management of its environmental impact, in 2020, PRG completed its first greenhouse gas (GHG) inventory, identifying the baseline that will enable the measurement of future improvements and planning of further reduction initiatives.

The GHG inventory included activities of the entire Group and has been completed by taking into account the guidelines of the Greenhouse Gas Protocol⁶, amongst the mostly widely recognized international standards for the accounting and reporting of GHG emissions. Following the guidelines of the standard, GHG emissions are reported and broken down into:

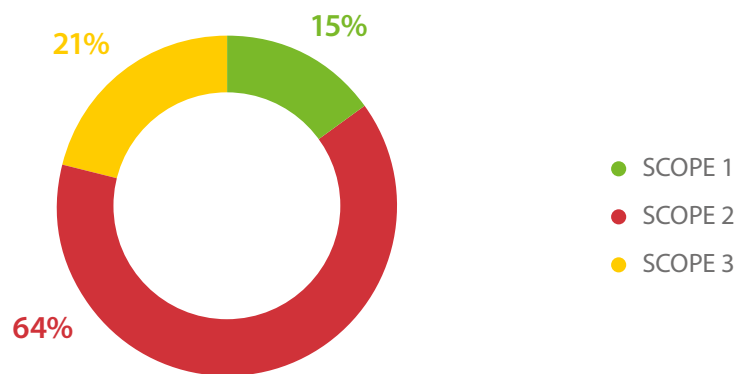
- **Direct emissions (Scope 1):** greenhouse gas emissions from sources that are owned or controlled by the Group, for example, the use of fuels for heating and for car fleet and refrigerant gases;
- **Indirect emissions (Scope 2):** GHG emissions that result from the generation of purchased electricity, heating, cooling and steam consumed by the Group;
- **Other indirect emissions (Scope 3):** GHG emissions resulting from upstream logistics and from business travels by plane and train.

According to this classification, detailed emissions categories have been considered in the calculation of the Group's carbon footprint and the related trends in the three-year period in terms of tons of CO₂eq have been analyzed.

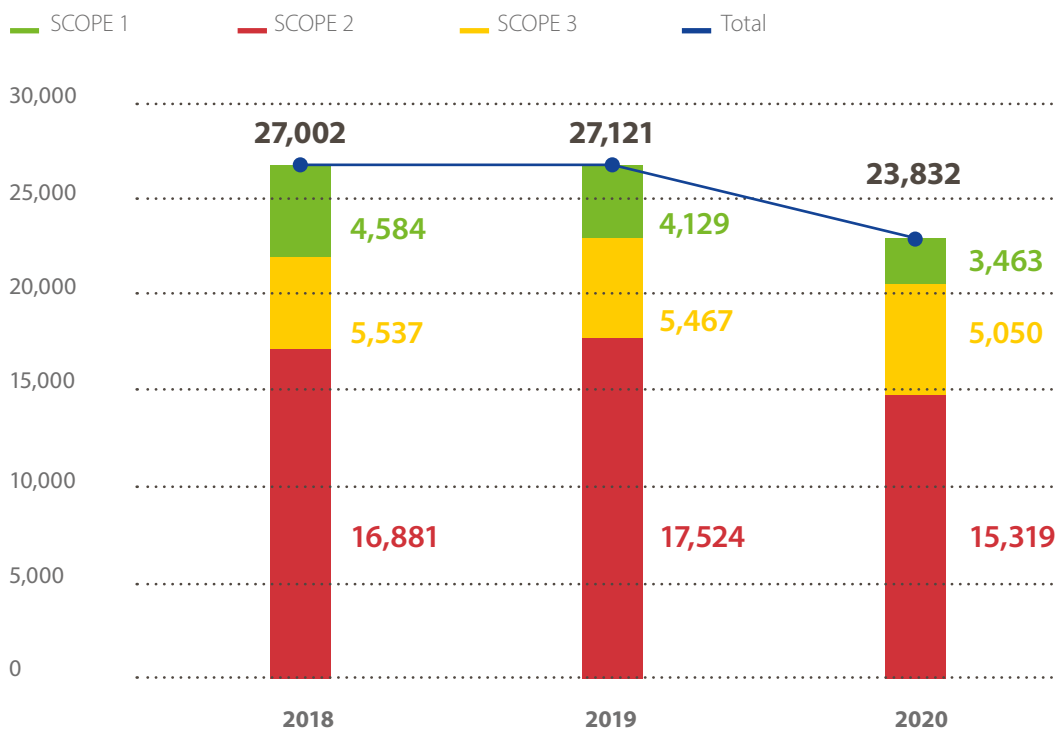
6. The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, published by The Greenhouse Gas Protocol Initiative

In 2020, a large part (64%) of total emissions was indirect and came from electricity consumption in stores, offices and premises. A further 21% was generated by *Scope 3* emissions and specifically related to logistics. Lastly, 15% was related to refrigerant gases from air conditioning systems, boiler fuels and the corporate cars fuel.

Distribution of PRG's GHG emission in 2020



PRG GHG emissions (tCO₂eq)



Whilst 2018 and 2019 registered a very similar amount of GHG emissions (27 and 27.1 ktonnes of CO₂eq), in 2020, a marked drop of over 12% occurred due to the temporary suspension of activities during the pandemic outbreak. The reduction was particularly pronounced within Scope 1 and Scope 2 emissions (respectively -16 and -13%).

Considering the **Market Based approach**, the calculation of which is based on emissions associated with the residual mix⁷ (national energy mix net of certified renewable energy), PRG Scope 2 emissions are equal to 20,235 tCO₂eq in 2020 (23,095 tCO₂eq in 2019 and 20,882 tCO₂eq in 2018), thus showing higher values compared with the **Location Based approach**, as at present PRG does not purchase any guarantees of origin.



PRG ESG TARGETS – GHG EMISSIONS REDUCTION

Calculating the GHG emissions inventory is the first step toward establishing multi-year emission reduction targets inspired by the Science-Based Targets Initiative (SBTi), an international organization that supports companies in identifying the amounts and timing by which its GHG emissions should be reduced in line with the goals set forth in the 2015 UNFCCC Paris Agreement to limit climate warming to well below 2°C (WB2C).

In line with this approach, **the Group has calculated the gradual pathway to reach and exceed the objective of cutting its GHG emissions by more than 40% by 2030**, through the progressive coverage of electricity consumption by Guarantees of Origin (GO) certificates.

7. GHG Protocol Scope 2 Guidance.

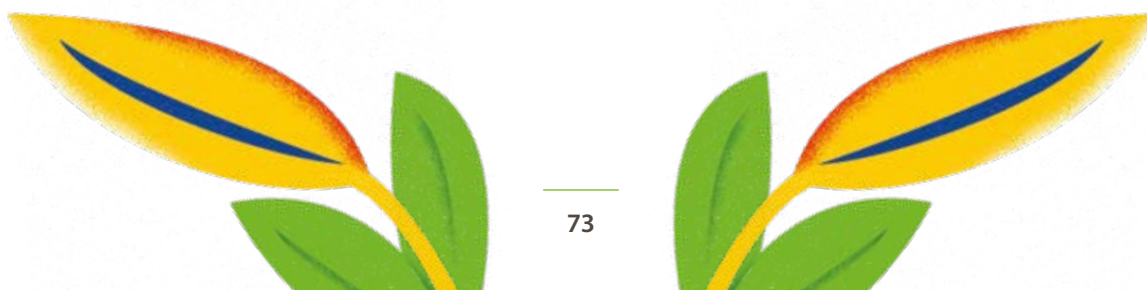
As a further commitment with respect to climate change, PRG and its parent company Artsana, decided to purchase carbon credits in order to compensate its overall GHG Scope 1 and Scope 2 – Market based emissions, starting from 2020 reporting year. The initiative allowed PRG to become carbon neutral on the activities falling within the reporting perimeter and is designed as a transition tool to mitigate its impact on the road to effectively reducing carbon emissions.

CARBON OFFSETTING PROJECTS

PRG's carbon neutrality is 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. In particular, 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 project is developed in the **Guatemalan Conservation Coast** region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. The project has also significant perks: over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys.



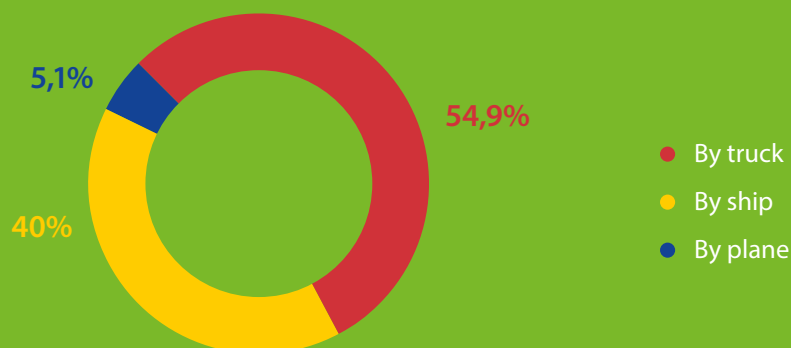
PRG UPSTREAM LOGISTICS AND RELATED SCOPE 3 EMISSIONS

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 this regard, the Group has decided to include on a voluntary basis some of the categories included within Scope 3, specifically upstream transportation and distribution (category 4) and business travels (category 6).

As first step, a preliminary mapping of the logistical flows upstream of the chain in relation to product supply was carried out. Products transportation follows a two-phases journey which is managed centrally from a dedicated department and operated in outsourcing by four trusted external business partners. Leaving the country of origin mainly by ship, or less frequently by truck or plane, supplies reach the central warehouses located in Northern Italy, in Castel San Giovanni (Piacenza) or Grandate (Como). These warehouses also collect products sold under third-party brands.

From the warehouses, they are then shipped to the several points of sale throughout Europe mainly via truck. A further and recently growing flow developed as a consequence of the increasing e-commerce sales and occurs mainly by truck from the warehouses to the final customer that purchased online.

2020 emission from logistics by mean of transport



In terms of environmental impact, emissions resulting from logistics accounted for 20% of the total GHG emissions in 2020. The main means of transport employed is truck, from which 55% of GHG emissions related to logistics, followed by ship (40%) and plane (5%).

The attention and commitment to the environment does not only concern energy consumption and its related impact, but also the use of materials in the products marketed by the Group. In this regard, **PRG pays the utmost attention to the selection of materials that will constitute its products for children, in order to ensure its characteristically high level of quality that has always allowed it to stand out on the market.** For this reason, in the relation with its suppliers, the possession of environmental certifications represents a preferential criterion. Particularly in recent years, in line with sectorial and global trends, **the Group has focused on the selection of natural and renewable materials, both for products and packaging, in order to offer its customers safe and environmentally friendly products.** To this end, in 2020, the Group launched a new environmental-friendly toys collection: **Wood'n Play**, entirely made of wood, a noble and ancient material that captures the charm of nature. **Both the wood with which the products are made and the paper used for their packaging are FSC (Forest Stewardship Council) certified, for a 100% eco-friendly and sustainable line. The FSC labelling is a guarantee that the product comes from responsibly managed sources** and it is based on ten globally applicable rules that cover the essential aspects of responsible forest management. In particular, FSC standards include protecting water quality, prohibiting cutting of old-growth forests, preventing loss of natural forest cover, and forbidding the use of highly toxic chemicals. In 2021, the sustainability project on toys will be enriched with a new eco-sustainable textile line dedicated to new-born babies.



**Wood'n
Play**

products and
packagings 100%
FSC certified

Another example comes from **the Textile line of brand Prénatal**, committed daily to researching the best materials for the sensitive skin of children, which, as early as 2019, **launched the Organic Cotton line, a collection dedicated to new-borns (0-9 months) that uses 100% organic cotton fabrics.**

PRG adopts strict internal protocols based on the specifications contained in the 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. In the near future PRG will formally embrace the OEKO-TEX standards to certify that the clothes of this line are totally hypoallergenic and produced in an environmentally friendly way, given that they are made from cotton grown without pesticides and toxic substances and for this reason perfectly suitable for the new-borns skin. Similarly, **PRG is considering joining the Better Cotton Initiative (BCI), a global non-profit organisation that leads the world's largest cotton sustainability programme.**

For the future, **the Group aims at committing to the reduction of all impacts due to the life cycle of its products and packaging, assessing them through the LCA (Life Cycle Assessment) methodology and applying it on a selected range of items.** For example, the packaging of all Prénatal shipments destined to e-commerce originates today from recycled material, either partially or totally, between 65% and 85%, and in turn recyclable (about 300,000 shipments overall per year).





Forever
YOUNG

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, a program appraisal of used items that gives back up to 50% of the purchase value.** The project, the first of its kind dedicated to childcare in Europe, allows to extend the life of the returned product, which will be able to continue to live in a new family; alternatively, the product can be recreated in a different form through the recycling of individual parts, according to a model of circular economy.

The project originated from the consideration that the new parent 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 they become useless following their child's growth and have the possibility of partially covering the cost of such expensive goods. On the other hand, those who re-purchase them can benefit from a lower cost, but with the certainty of a reliable and quality product.**

Additionally, this initiative also simplifies the life of parents, who can avoid storing bulky products in the house or worrying of how to dispose them. Modular systems, strollers, car seats or cribs bought in Prénatal from 14 of September 2020 can be returned (from the twelfth to the eighteenth month of use), getting a refund (of 30% up to 50% depending on the product brand) through a gift card that can be used with no spending constraints in any Prénatal store and also online on the Group website.

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 an environmentally useful reuse for a better future for the Planet.

Through this initiative, the Group will increase the product life cycle, reducing disposal and the use of raw material from suppliers. As it was launched in 2020, the first results will be visible from next year.



PRG ESG TARGETS – SUSTAINABLE PACKAGING

Packaging is a further lever for the Group to improve and foster circularity. In this regard, PRG is committed to limiting the impact of packaging used for private label products, closely collaborating with suppliers to obtain a 100% recyclable material. Specifically, the Group strives on one hand to limit as much as possible the use of composite material, difficult to recycle. On the other hand, there will be an increasing use of FSC, or equivalent certified paper (at least 80%) and of recycled plastic (at least 50%).

APPENDIX



APPENDIX

GRI 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

Employees by region	Unit	2018	2019	2020	Unit	2018	2019	2020
Italy	n	2,594	2,784	2,696	%	56.3%	56.8%	56.2%
France	n	879	978	1,015	%	19.1%	20.0%	21.1%
The Netherlands	n	739	721	662	%	16.0%	14.7%	13.8%
Spain	n	198	190	197	%	4.3%	3.9%	4.1%
Greece	n	115	134	156	%	2.5%	2.7%	3.2%
Portugal	n	74	83	67	%	1.6%	1.7%	1.4%
China	n	8	8	8	%	0.2%	0.2%	0.2%
Total	n	4,655	4,942	4,853	%	100%	100%	100%

Employees per type of contract		2018	2019	2020	2018	2019	2020
Permanent	<i>Men</i>	892	968	983	19.4%	19.8%	20.5%
	<i>Women</i>	2,927	3,094	3,182	63.5%	63.2%	66.3%
	Total	3,819	4,062	4,165	83%	83%	87%
Temporary	<i>Men</i>	143	144	112	3.1%	2.9%	2.3%
	<i>Women</i>	645	693	524	14.0%	14.1%	10.9%
	Total	788	836	636	17%	17%	13%

Employees per type of employment		2018	2019	2020	2018	2019	2020
Full-time contract	<i>Men</i>	911	963	957	19.8%	19.7%	19.9%
	<i>Women</i>	1,890	1,998	1,935	41.0%	40.8%	40.3%
	Total	2,801	2,961	2,892	60.8%	60.5%	60.2%
Part-time contract	<i>Men</i>	124	149	138	2.7%	3.0%	2.9%
	<i>Women</i>	1,682	1,788	1,771	36.5%	36.5%	36.9%
	Total	1,806	1,937	1,909	39.2%	39.5%	39.8%

GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Hirings					Terminations				
	Unit	2018	2019	2020		Unit	2018	2019	2020
By gender									
<i>Women</i>	%	24%	27%	17%	<i>Women</i>	%	26%	22%	19%
<i>Men</i>	%	6%	8%	6%	<i>Men</i>	%	6%	6%	6%
By age group									
<i>Under 30</i>	%	21%	21%	14%	<i>Under 30</i>	%	19%	16%	14%
<i>From 30 to 50</i>	%	9%	12%	8%	<i>From 30 to 50</i>	%	10%	10%	9%
<i>Over 50</i>	%	1%	2%	1%	<i>Over 50</i>	%	3%	2%	2%
By region									
<i>China</i>	%	0%	0%	0%	<i>China</i>	%	0%	0%	0%
<i>France</i>	%	3%	7%	5%	<i>France</i>	%	4%	5%	4%
<i>Greece</i>	%	1%	1%	1%	<i>Greece</i>	%	1%	1%	1%
<i>Italy</i>	%	13%	14%	8%	<i>Italy</i>	%	14%	10%	9%
<i>Portugal</i>	%	1%	1%	0%	<i>Portugal</i>	%	1%	1%	1%
<i>Spain</i>	%	2%	3%	2%	<i>Spain</i>	%	3%	3%	2%
<i>The Netherlands</i>	%	10%	9%	7%	<i>The Netherlands</i>	%	10%	9%	8%
Total	%	30%	35%	23%	Total	%	32%	29%	25%

GRI 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

Average training hours by gender and employee category	Unit	2018	2019	2020
Men	h/employee	6.5	5.5	5.2
Women	h/employee	6.5	6.6	7.5
Executives	h/employee	1.3	5.7	7.2
Managers	h/employee	9.0	11.2	7.4
White collars	h/employee	8.9	6.5	7.7
Blue collars	h/employee	2.5	5.0	5.4

WATER CONSUMPTION

Water consumption	Unit	2018	2019	2020
Total water consumption for domestic use in offices and shops	m ³	NA	143,208	114,336

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

WASTE PRODUCTION

Waste production	Unit	2018	2019	2020
Total waste generated*	Metric tons	NA	2,564.1	3,793.4
Of which sent to recycling/reuse	Metric tons	NA	1,669.5	2,979.9
Of which sent to landfill	Metric tons	NA	894.6	813.5

*Waste produced in Stores, offices and Warehouses. Data refer to PRG Spa, PNT Spa, Carolina Toys Srl, Care Srl, King Jouet Sas (2020) and Prénatal Moeder en kind BV. All waste generated refers to packaging (e.g., Cardboards and pallets).

NOTE ON METHODOLOGY



NOTE ON METHODOLOGY

The first PRG Sustainability Report covers calendar year 2020 and the related key performance indicators are presented for the entire 2018-2020 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 En Kind B.V.
- 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.

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 this 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 a clear language and the use of infographic contributions to represent the performance of the Group make this document available and easy to understand for stakeholders.
- **Comparability:** the indicators are reported for the 2018-2020 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 2020 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 "The path towards sustainability".

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 organization'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	-	-
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	-	-
Sustainable supply chain management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	PRG	Suppliers	-

REPORTING PROCESS AND METHODOLOGY

The data presented in the report has been collected through internal interviews and with the support of specific sustainability package 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 by 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 not as 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 Ne.Mi Toys S.r.l., which is 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, 2018, 2019 and 2020
Net Calorific Value (Natural gas and diesel)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 and 2020

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, 2018, 2019, 2020 Only CO ₂ emissions were considered	Only CO ₂ emissions were considered
Companies' car fleet	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 and 2020	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 (2018, 2019, 2020)

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, 2018 (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, 2018 and 2019. For China: Terna, Confronti Internazionali, 2018 (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, 2018, 2019 and 2020	CO ₂ equivalent

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

Source	Activity Data	Emission Factor	GWP
Upstream transportation and distribution (Cat. 4)	Distance/ Distance per weight transported	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2018, 2019 and 2020	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, 2018, 2019 and 2020	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 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 En Kind B.V. 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 Prénatal Retail Group S.p.A., Prénatal S.p.A. and King Jouet Sas.

For further information and comments to the report, please contact:
sustainability@prenatalretailgroup.com

GRI CONTENT INDEX



GRI CONTENT INDEX

GRI Standard	Disclosure	Indicator Description	Report Reference
GENERAL DISCLOSURES			
GRI 102: General Disclosures	ORGANIZATIONAL PROFILE		
	102-1	Name of the organization	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	Our suppliers
	102-10	Significant changes to the organization and its supply chain	Not applicable, first year of reporting according to GRI standards
	102-11	Precautionary Principle or approach	Note on methodology
	102-12	External initiatives	Our communities; Our 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	Governance
	GOVERNANCE		
	102-18	Governance structure	Governance

GRI Standard	Disclosure	Indicator Description	Report Reference
GRI 102: General Disclosures	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	Not applicable, first year of reporting according to GRI standards
	102-49	Changes in reporting	Not applicable, first year of reporting according to GRI standards
	102-50	Reporting period	Note on methodology
	102-51	Date of most recent report	Not applicable, first year of reporting according to GRI standards
	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.

GRI Standard	Disclosure	Indicator Description	Report Reference
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	Governance
	103-3	Evaluation of the management approach	Governance
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	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	Growing protecting the environment
	103-3	Evaluation of the management approach	Growing protecting the environment
GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	Growing protecting the environment
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	Growing protecting the environment
	103-3	Evaluation of the management approach	Growing protecting the environment
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Growing protecting the environment
EMISSIONS			
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	Growing protecting the environment
	103-3	Evaluation of the management approach	Growing protecting the environment

GRI Standard	Disclosure	Indicator Description	Report Reference
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Growing protecting the environment
	305-2	Energy indirect (Scope 2) GHG emissions	Growing protecting the environment
	305-3	Other indirect (Scope 3) GHG emissions	Growing protecting the environment
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	Our suppliers
	103-3	Evaluation of the management approach	Our suppliers
GRI 308: Suppliers Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Our suppliers
MATERIAL TOPICS: GRI 400 SOCIAL INDICATORS			
EMPLOYMENT			
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 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

GRI Standard	Disclosure	Indicator Description	Report Reference
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
GRI 403: Occupational Health & Safety 2018	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
	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	Our employees
	103-3	Evaluation of the management approach	Our employees
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Our employees
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	Our suppliers
	103-3	Evaluation of the management approach	Our suppliers

GRI Standard	Disclosure	Indicator Description	Report Reference
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Our 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	Our suppliers
	103-3	Evaluation of the management approach	Our suppliers
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our 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	Our suppliers
	103-3	Evaluation of the management approach	Our suppliers
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Our suppliers
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	Our customers
	103-3	Evaluation of the management approach	Our customers
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our customers
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	Governance
	103-3	Evaluation of the management approach	Governance

GRI Standard	Disclosure	Indicator Description	Report Reference
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Governance
OTHER PRG MATERIAL TOPICS			
INNOVATION, RESEARCH AND DEVELOPMENT			
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	Market presence; Our suppliers
	103-3	Evaluation of the management approach	Market presence; Our suppliers

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